

*Board of Trustees Meeting*

**Wednesday, May 7, 2003, 4:00 p.m.**

Abbey Inn Conference Room, 1129 South Bluff Street, St. George

A G E N D A

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4:00	Call to Order	Dan McConkie
	Review of Board Members Absent	Dan McConkie
	Approval of March Minutes	Dan McConkie
	UAC Service Fees Proposal	Brent Gardner
	New Business Name	Lester Nixon
	Employee and Purchasing Policy	Mark Brady
	Audit Committee Report Investment Policy	Lynn Lemon
	Legislative Update	Mark Brady
	Claims System Request for Proposals	Lester Nixon
	Actuarial Services Request for Proposals	Lester Nixon
	Work Area Remodel Options	Lester Nixon
	Feasibility Study—Workers Compensation	Lester Nixon
	Broker's Report	John Chino
	Loss Control Manager's Report	Mark Brady
	Director's Report	Lester Nixon
	Ratification/Approval of Payments	Gene Roundy
	Set Date and Time for Closed Meeting to Discuss Character, Professional Competence, Physical/Mental Health of an Individual	
	Other Business	
	Adjourn	
6:00	Dinner Provided Top Sirloin and Coconut Chicken Buffet	



## UACIM BOARD of TRUSTEES MEETING

### MINUTES

May 7, 2003, 4:00 p.m.  
Abbey Inn Conference Room, St. George, Utah

#### BOARD MEMBERS PRESENT

Dan McConkie, President, Davis County Commissioner  
Lynn Lemon, Vice President, Cache County Executive  
Gene Roundy, Secretary-Treasurer, Iron County Commissioner  
Steve Baker, Davis County Personnel Director  
Kay Blackwell, Piute County Commissioner  
James Eardley, Washington County Commissioner  
Ed Phillips, Millard County Sheriff  
Steve Wall, Sevier County Clerk-Auditor

#### BOARD MEMBERS ABSENT

Ken Bischoff, Weber County Commissioner  
LaVar Cox, Millard County Commissioner  
Brent Gardner, Utah Association of Counties Executive Director  
Jerry Grover, Utah County Commissioner  
Kent Sundberg, Utah County Deputy Attorney

#### OTHERS PRESENT

Lester Nixon, Director  
Mark Brady, Loss Control Manager  
Sonya White, Administrative Assistant  
John Chino, Arthur J. Gallagher & Co. Account Executive  
Korby Siggard, VeriClaim, Inc., Claims Manager

#### CALL to ORDER

Dan McConkie called the meeting to order at 4:00 p.m. and welcomed those in attendance.

#### REVIEW of BOARD MEMBERS ABSENT

The following Board Members requested to be excused from this meeting: Kent Sundberg, who is in Florida; Jerry Grover, who is in Italy; Ken Bischoff, who is ill; LaVar Cox (no reason given); and Brent Gardner, who was meeting with Olene Walker and the Clerks in Salt Lake. Lynn Lemon made a motion to excuse Kent Sundberg, Jerry Grover, Ken Bischoff, LaVar Cox and Brent Garner from this meeting. Kay Blackwell seconded the motion, which passed unanimously.

#### APPROVAL of MINUTES

The minutes of the Board of Trustees meeting held, March 20, 2003 were previously sent to the Board for review. Steve Baker requested that under *Other Business*, page five, his statement be corrected to read: Lots of claims involve discipline matters ~~Work comp needs discipline~~ because of the high rate of fraud. James Eardley made a motion to approve the March 20 minutes as corrected. Steve Wall seconded the motion, which passed unanimously.





## UAC SERVICE FEES PROPOSAL

Dan McConkie reported that Brent Gardner presented a proposal to the Utah Association of Counties (UAC) Board of Directors that would provide lobbying efforts and exclusive rights to the Insurance Mutual for a fee. Since Brent did not feel comfortable making a proposal to the Mutual Board today, Dan recommended that the Executive Committee of UAC and the Officers of the Mutual meet to agree on the services and fees. Dan explained that he and Kay Blackwell reviewed a list of the legislation, prepared by UAC, which had no Mutual representation during the last session. The Mutual needs a lobbyist so why not hire UAC's staff? Kay stated that people are upset about UAC and the Mutual separating so by agreeing to pay a service fee to UAC it will help satisfy relations. Steve Wall questioned whether UAC would allow the Mutual to use its name with the proposed three percent fee and suggested that the Mutual should hire its own lobbyist because Brent Gardner and Mark Walsh may be too busy to handle Mutual legislative issues. Dan said that he would like the Mutual to change its name. Lester Nixon calculated that three percent of the annual premium is approximately \$120,000 per year. Lynn Lemon said that when he saw *UAC Service Fees* on the agenda he thought the Mutual would be given a proposal today and that \$120,000 seems excessive. Dan said that the cost of hiring a lobbyist is approximately \$110,000 per year just to track legislation. Brent and Gary Herbert, President of UAC, called Dan and explained that other vendors, in direct competition with the Mutual, want to come to UAC events and solicit. Lynn said it appears that someone is trying to drive UAC and the Mutual farther and farther apart. \$120,000 is a new expense and the Mutual may not have separated if it had known about this expense. Kay explained that UAC is considering lowering its dues depending on what the Mutual is willing to pay. Dan explained that Gary Herbert suggested June 3 at 12:30 as a possible meeting date and time. Dan explained that Brent Gardner, as Executive Director of UAC, feels uncomfortable serving on the Mutual Board. Ed Phillips said that Brent is put in an adversary position as a member of the Mutual Board. The Board thought it was an olive branch offering to UAC but why would the Mutual want someone on its Board whose posture is to hardball and nickel and dime the Mutual? Lynn said that there would be a conflict of interest for Brent to lobby for the Mutual. Steve Baker suggested that the UAC Board position should be someone who serves on both boards, not the Executive Director of UAC. Lynn is concerned that the fees will push the counties apart. The counties saw the need and had the desire to develop an insurance mutual, does the Board go to its members and explain that since the Mutual separated from UAC and is paying its own expenses, members will pay more dues to UAC than the counties that are not members? Also, premiums will increase to pay this new expense. The Board is not only the Insurance Mutual but also the counties. Kay sees a reduction in UAC dues for all UAC members. Steve Baker explained that it is not good economics not knowing what it is worth to carry the UAC name and what lobbying efforts are worth. Will UAC give the Mutual a competitive price? Lester recommended that since the Board's decision will significantly impact the future of the Mutual, the Board consider taking a retreat to work through these issues. A knowledgeable and experienced moderator, Harold Pumford, who has facilitated three pools on these same issues is willing to work with the Board. The Board will really benefit from his experience. Dan invited all the member of the Board to attend the June 3 meeting (place to be determined) to work on an agreed proposal for services and fees with the UAC Executive Committee. Dan scheduled a Board retreat for June 5-6 in Richfield.

## NEW BUSINESS NAME

Lester Nixon recommended that the change of the Mutual's name be considered at the Board retreat on June 5. The Insurance Coordinators, at their April 16 training, made the following suggestions for a new name. They are: Utah Counties Insurance Mutual (UCIM), County Insurance Mutual of Utah (CIMU) and County Insurance Mutual (CIM). Dan McConkie tabled discussion until the Board retreat.

## EMPLOYEE and PURCHASING POLICY

Mark Brady drafted employee policies and procedures and a purchasing policy for the Board's review (see attachment #1 and #2). The employee policies and procedures have been structured similar to the smaller counties. The benefits employees were receiving through UAC have been mirrored except for the floating personal day now is the day after Thanksgiving. If an employee has a problem with discipline, section six pages 20 and 21, it will be reviewed with the Board of Trustees. The Mutual is subject to different interpretations than UAC, a private non-profit organization. The purchasing policy has been structured similar to the State Auditor's office policy model except for page two section three sealed bids at \$2500, page four pre-qualification of suppliers and bulk purchasing. Lynn Lemon said that Cache County requires bids for anything over \$1000. Mark requested that the Board review these policies and direct any suggested changes to him or Lester Nixon.



## AUDIT COMMITTEE REPORT

**Investment Policy.** Lynn Lemon reported that the Audit Committee met on April 16 and finalized the draft Investment Policy previously sent to the Board for review (see attachment #3). The Mutual has had a good return with the Public Treasurers Investment Fund (PTIF) until the last year or two. The return now is less than 2%. Lester Nixon and the Committee have found that other qualified investments are returning up to 5%. Dan McConkie referred the Board to page three, section six, *Ethics and Conflicts of Interest* and questioned whether this raises any concerns. Lynn replied that this section was meant not to cast doubt on staff but that the Board is being very conservative on its approach. The Mutual has approximately \$10 million in PTIF and the approach would be to invest \$7 million long term. Lester explained that he requested a Custom Ladder (see attachment #4), prepared by one of the investment brokers interviewed, to provide the Board with an example of the amount of investment income the Mutual could be earning. With PTIF, investment income for 2003 will be approximately \$129,500 (2003 budget amount is \$225,000) on \$7 million at 1.8%. The Custom Ladder shows an annual investment income at \$259,597 on \$7 million at 3.6%. The issuers listed are governmental agencies. The Investment policy allows up to 20% of investments in corporate paper that is currently paying 5.2%. Steve Wall, who is an Auditor and Member of the Audit Committee, is satisfied with the proposed Investment Policy. James Eardley made a motion to adopt the Investment Policy as presented and directed the Audit Committee to begin investing \$7,000,000 principal. Gene Roundy seconded the motion, which passed unanimously.

**2002 Audit.** Lynn Lemon reported that the Audit Committee met with the Independent Auditors on April 28 to review, in detail, the draft year-end audited financial statement (see attachment #5). The Mutual's 2002 audit is conducted using Government Auditing Standards instead of Statutory Accounting Principles due to the exemption for public agency insurance mutuals from Utah Insurance Department regulation effective July 1, 2002. During the meeting, the Audit Committee questioned what are the monies listed as *Contributed capital* on page nine under *Net assets*. Robb Enger, Larson & Company, explained that the amount listed, \$2,233,303, is the amount of surplus collected from premiums for the years 1992-1996. In order to build surplus to the amount required by the Utah Insurance Department, premiums included a surplus contribution amount. This surplus is included in each member's equity calculation. Sonya White confirmed that explanation. Lester Nixon requested that the Board review the audit and respond to him by May 16 with any questions or concerns. The audited financial statement must be received by the State Auditor's office by June 1.

## LEGISLATIVE UPDATE

Mark Brady reviewed the following passed legislation that will impact counties and may indirectly impact the Mutual (see attachment #6):

**HB160, Emergency Health Response Amendments** provides immunity for health departments and those who investigate/respond to public health in a declared emergency.

**HB172, Background Investigations of Peace Officer Candidates** allows for thorough background checks of law enforcement applicants pursuant to procedure. The act protects the employers who provide background information from liability.

**HB273, Utility Costs to Homeowner** prohibits the refusal to furnish utilities and to collect from a new owner for a previous owners debt.

**SB74, Amendments to Interlocal Cooperation Act** specifies matters of an interlocal agreement between two or more public agencies including the duties and immunities of law enforcement officers and clarifies the status of employees who perform duties under an interlocal agreement.

**SB121, Federal Health Insurance Portability and Accountability Act Amendments** enact laws for the compliance of the new HIPAA regulations. Lester Nixon will be providing training at the May Personnel Workshop on HIPAA.

**SB136, Guilty and Mentally Ill Sentencing Amendments** allows for those who plead guilty or mentally ill and are convicted to be sentenced to either county jails or the state hospital.

**SB164, County Amendments** was modified to allow crime coverage for officials as a group and avoid separate cost for a treasurers bond. Lester Nixon is working with the reinsurance carriers to allow the limits required by the Money Management Council to be included under the Coverage Agreement for 2004.



SB191, County Oversight of Local Authorities for Human Services shifts the responsibility from the state to the counties. An unfunded mandate but theoretically the state is a resource for mental health and drug services to the inmates in county jails so there may be some funding in that regard.

SB202, Peace Officer Amendments allow law enforcement officers to designate themselves as at-risk governmental employees. Last year when the bill was changed it only protected correction officers. SB202 limits the exposure of private personal information. All personnel files should have a disclaimer.

SB225, Limitation of Judgments Against Government Entities came out of the Laney v. Fairview City, in that the immunity statutes will be examined on a case-by-case basis. Personal injury and death caps increased where governmental entities are involved.

SB214, Uninsured and Underinsured Motorist Amendments allows for self-insurers to issue a statement declaring the levels of coverage. Steve Baker questioned whether a county is required to pay a claim under workers comp and uninsured motorist? Korby Siggard explained that an employee is not entitled to recover both workers comp and uninsured motorist from the same employer.

#### CLAIMS SYSTEM REQUEST for PROPOSALS

A draft copy of the Risk Management Information System (RMIS) or Alternatives Request for Proposals (RFP) was previously sent to the Board for review (see attachment #7). Lester Nixon explained that the Third Party Administrator (TPA) is subject to underinsured motorist laws but if the Mutual administers the claims department it would be exempt from providing that coverage. Lester anticipates a third of the cost will be the savings to the Mutual. Proposals are being requested from Information System Providers and Third Party Administrators. Steve Baker asked Mark Langston, Davis County Information Systems, to review the RFP and the following changes were suggested: page two, number seven, expand licensing information and pricing on maintenance and upgrades and ask if phone support is available and the cost and page five, number 42, change Windows NT to Windows 2000 servers. Lester explained that there is a 90-day cancellation of the VeriClaim contract. The Board noted that the award of a contract would have to be made in September not October as listed in the draft RFP. Steve Baker made a motion directing Lester to revise the Risk Management Information System or Alternatives Request for Proposals as discussed and proceed with the RFP. Lynn Lemon seconded the motion, which passed unanimously.

#### ACTUARIAL SERVICES REQUEST for PROPOSALS

A draft copy of the Actuarial Services Request for Proposals (RFP) was previously sent to the Board for review (see attachment #8). Lester Nixon anticipates that the Board will save \$3000-\$4000 per year if it tests the market for actuarial services. Gene Roundy made a motion to approve the Actuarial Services Request for Proposals as written and directed Lester to proceed with the RFP. Ed Phillips seconded the motion, which passed unanimously.

#### WORK AREA REMODEL OPTIONS

Lester Nixon requested that this agenda item be deferred until the June retreat. Dan McConkie permitted.

#### FEASIBILITY STUDY—WORKERS COMPENSATION

Lester Nixon reviewed with the Board a spreadsheet showing the survey results that the Board authorized staff to initially conduct to study the feasibility of the Mutual starting a workers comp pool (see attachment #9). The premium to loss ratio is 30% for those counties insured by the Workers Compensation Fund. The Fund is making a decent return. Dan McConkie said that it appears the Governor is going to sell the Fund but he hasn't made a final decision. John Chino reviewed basic data with the Board (see attachment #10) to give them an idea of the costs. The New Mexico Work Comp program started in 1987, premiums have remained stable and 27% of premiums collected have been returned back to the members. New Mexico has a separate board for their workers comp program, which is unusual. Workers comp has a long tail. It is a big incentive to return equity, not add to surplus. Arizona's biggest incentive when starting their workers comp pool was the handling of claims and risk management. Since its inception, premiums collected total \$28,667,849 and dividends paid total \$4,283,332 with a fund balance of \$1,000,181. With the initial data collected from the Utah counties, it appears that premiums may be equal to or greater than the Fund for an Insurance Mutual workers comp program. The Mutual will be controlling losses and safety, which will ultimately reduce costs. Workers comp historically gives back more dividends than property and casualty. Steve Baker asked how the Mutual would set premiums? The Fund uses a three-year loss history. John explained that Arizona uses



NCCI rates by taking the information collected for county employees throughout the United States and inputting their member data. New Mexico uses actuaries. Lester explained that staff time for workers comp is different that multiline, 70% of claims are medical and 25% is lifetime benefits. More time is spent on complying with state law and regulations, working with more employees within the county and time spent on fraud investigation. Lester recommended that the Mutual take the next step and request underwriting information from the counties. A workers comp pool will be a benefit to the Mutual members. Most counties have a January 1 renewal but it would be better to start the program July 1, 2004 to make sure everything is in order. Gene Roundy made a motion authorizing Lester Nixon to move forward with the feasibility study of a Mutual workers comp pool. James Eardley seconded the motion, which passed unanimously.

#### BROKER'S REPORT

John Chino reported that he and Lester Nixon are scheduled to meet with several reinsurers at the PRIMA Conference in Reno May 19-21. Reinsurers are always looking for attractive accounts and the Mutual is an attractive account.

#### LOSS CONTROL MANAGER'S REPORT

Mark Brady gave a loss update to the Board by charting claims as follows: severity of claims by category, auto severity by cause, auto severity by department, general liability by category and property severity by category (see attachment #11). Mark reported that he has conducted harassment training in several counties and is schedule for additional training sessions and supervisor training sessions. Mark encouraged the Board members to schedule these types of training in their counties.

#### DIRECTOR'S REPORT

**AGRiP Membership Practices Committee.** Lester Nixon reported that he has been asked to serve on the Membership Practices Committee of the Association of Governmental Risk Pools (AGRiP) and asked the Board for approval. Lester explained that this Committee reviews operation practices of pools and his participation would bring visibility to the Mutual. Time commitments are two or three hours a month and a once a year meeting at the AGRiP conference. Ed Phillips made a motion approving Lester Nixon's service on the AGRiP Membership Practices Committee. Steve Wall seconded the motion, which passed unanimously.

**Insurance Coordinator Workshop.** Lester reported that seven out of the seventeen insurance coordinators attending the April 16 workshop responded to an evaluation survey (see attachment #12). One of the suggestions for improvement was county input on the Risk Management Program. Mark Brady and Lester will invite coordinators to participate in drafting the 2004 program.

**Directors & Officers / Errors & Omissions Policy.** Lester reported that a joint policy for D&O/E&O coverage is in place for the Utah Association of Counties (UAC), the Multi County Appraisal Trust (MCAT) and the UAC Insurance Mutual. Before the separation it was necessary to write all entities on the same policy. John Chino explained that the reinsurers already cover the Mutual, which would include its Board and staff for D&O E&O coverage. The total annual premium paid by the Mutual is \$15,000 (UAC = \$9435, UACIM = \$3629 and MCAT = \$1936). [Jean Evans, UAC Office Manager, stated that] UAC has submitted applications for its own coverage. In his experience, Lester has known of no claims against a Board and explained that there is more of a fiduciary duty if sued by a shareholder. The Mutual is more responsive to its members, members have a chance to come to meetings and there is an appeal process in the coverage agreement. Coverage questions are not D&O claims. The Board doesn't have public exposure, therefore, less likely to be sued. Gene Roundy made a motion to self-insure the Mutual for D&O/E&O coverage. Ed Phillips seconded the motion, which passed unanimously.

**Special Districts Receiving Mineral Lease Funding.** Lester explained that Juab County contacted the Mutual regarding coverage for its Special District funded with mineral lease monies. The County's independent auditor's opinion was that the monies funding the District are not County monies and therefore not covered through the Mutual pursuant to the Joint Policy Insurance Coverage for Special Service Districts, Children's Justice Centers, and Other Entities. Mark Walsh, UAC Associate Director, helped draft the statute for the use of these monies and his opinion is that the county funding mechanism controls these Districts. Coverage for these Districts is a deviation from the Joint Policy. Therefore, Lester recommended that the Joint Policy be revised. The Board agreed. Lester explained that he made an executive decision and wrote a letter to the independent auditor for Juab County stating that coverage for the District was provided. Coverage will be afforded on a case-by-case basis, e.g., Sevier County's District





funded with mineral lease monies contracts outside of county projects and therefore may not be covered. Kay Blackwell made a motion authorizing Lester Nixon to revise the Joint Policy Insurance Coverage for Special Service Districts, Children's Justice Centers, and Other Entities to include the Special Districts funded with mineral lease monies for the Board to review at its next meeting. Lynn Lemon seconded the motion, which passed unanimously. Once approved by the Board, a notice will be sent to all member counties.

**Health Departments.** Lester explained that HB241 passed during the 2002 legislative session and becomes effective July 1, 2003. HB241 gave more oversight to the counties of local health departments. The State Risk Manager, Alan Edwards, sent a 60-day notice of insurance cancellation to the health departments saying that the counties are now responsible for providing coverage. Alan forwarded the claim history and premium amounts for the nine health departments covered by the state. They are a good risk. Lester recommended that the Mutual cover these departments as new entities, for tracking purposes, if the reinsurer gives its permission. Medical malpractice coverage is available from the malpractice pool for doctors in the departments. Gene Roundy made a motion directing Lester to pursue coverage for the health departments and report to the Board at its next meeting. Steve Baker seconded the motion, which passed unanimously. Lester explained that Tooele County Health is the only department whose county is not a member of the Mutual. By covering the health department, Tooele County may want to look into membership again.

#### RATIFICATION / APPROVAL of PAYMENTS

Gene Roundy reviewed a list of the payments to be ratified and the payments to be made with the Board (see attachment #13). Details on a donation for the Sheriff's Association was requested. Mark Brady explained that for several years, the Mutual has contributed to the funding of the Sheriff's Annual Fall Conference to help with speakers and training. This is included annually in the Loss Control/Training budget. Steve Baker made a motion to ratify the payments made and approve payments to be made as presented by Gene Roundy. Steve Wall seconded the motion, which passed unanimously.

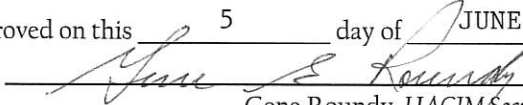
#### OTHER BUSINESS

Dan McConkie requested that staff notify the Board of the place designated for the June 3 meeting as soon as possible.

The next meeting of the Board of Trustees will be held on Thursday, June 5, 2003 in conjunction with a Board retreat in Richfield, time to be announced.

Dan McConkie adjourned the meeting at 8:00 p.m.

Respectfully submitted by Sonya White, Administrative Assistant

Approved on this 5 day of JUNE 2003  
  
Gene Roundy, UACIM Secretary-Treasurer



# **UAC INSURANCE MUTUAL PURCHASING POLICY**

## **I. General Provisions**

### **A. The purposes of this policy are:**

1. To ensure fair and equitable treatment of all people or parties who do or wish to conduct business with UAC Insurance Mutual (hereinafter, Mutual)
2. To provide for the greatest possible economy in the Mutual's procurement activities.
3. To foster effective, broad-based competition to ensure the Mutual will receive the best possible goods and services at the lowest possible prices.

### **B. Compliance – Exemptions from this policy**

1. This policy shall not prevent the Mutual from complying with the terms and conditions of any grant, gift, or bequest that is otherwise consistent with law.
2. When procurement involves the expenditure of federal assistance funds, the Mutual shall comply with applicable federal laws and regulations.

### **C. Definitions.**

1. "Business" means any corporation, partnership, individual, sole proprietorship, joint stock company, joint venture, or any other private legal entity.
2. "Change order" means a written order signed by the purchasing agent, directing the contractor to suspend work or make changes, that the appropriate clauses of the contract authorize the purchasing agent to order without the consent of the contractor or any written alteration in specifications, delivery point, rate of delivery, period of performance, price, quantity, or other provisions of any contract accomplished by mutual action of the parties to the contract.
3. "Contract" means any Mutual agreement for the procurement or disposal of supplies, services, or construction.
4. "Invitation for bids" means all documents, whether attached or incorporated by reference, used for soliciting bids.
5. "Person" means any business, individual, union, committee, club, other organization, or group of individuals.
6. "Procurement" means buying, purchasing, renting, leasing, leasing with an option to purchase, or otherwise acquiring any supplies, services, or construction.

7. "Purchasing agent" means the person duly authorized by the Board of Trustees of the Mutual to enter into and administer contracts and make written determinations with respect thereto.
8. "Purchase description" means the words used in a solicitation to describe the supplies, services, or construction to be purchased, and includes specifications attached to or made a part of the solicitation.
9. "Request for proposals" means all documents, whether attached or incorporated by reference, used for soliciting proposals.

## **II. Office of the Purchasing Agent**

The Board of Trustees of the Mutual shall appoint a Purchasing Agent. The Purchasing Agent shall be responsible to make procurements, solicit bids and proposals, enter into and administer contracts, and make written determinations for the Mutual

## **III. Source Selection and Contact Information – General Provisions**

### **A. Purchases not requiring sealed bids.**

1. Purchases costing less than \$2500 in total shall not require bids of any type. (Purchase shall not be artificially divided so as to constitute a small purchase under this section.)
2. Purchases costing more than \$2500 but less than \$10,000 in total shall require three (3) telephone bids.
3. Purchases made through the cooperative purchasing contracts administered by the State Division of Purchasing.
4. Purchases made from a single-source provider.
5. Purchases required during an emergency. However, as much competition as practical should be obtained; and, such purchases should be limited to amounts necessary to the resolution of the emergency.

### **B. Purchasing requiring sealed bids**

1. Contracts shall be awarded by competitive sealed bidding except as otherwise provided by this policy.
2. An invitation for bids shall be issued when a contract is to be awarded by competitive sealed bidding. The invitation shall include a purchasing description and all contractual terms and conditions applicable to the procurement. Public notice of the invitation for bids shall be given at least twenty-one (21) days prior to the date set forth therein for the opening of bids. The notice may include publication in a newspaper of general circulation.

3. Any procurement (to include construction projects) in excess of \$10,000 shall require a sealed bid and legal notice in a local newspaper of general circulation.
4. Bids shall be opened publicly by the Purchasing Agent in the presence of at least one witness at the time and place designated in bid invitation. The amount of each bid and any other relevant information, and the name of each bidder shall be recorded. The record and each bid shall be open in public inspection.
5. Bids shall be unconditionally accepted without alteration or correction, except as authorized in this policy. Bids shall be evaluated based on the requirements set forth in the invitation for bids.
6. Correction or withdrawal or inadvertently erroneous bids before or after award, or cancellation of awards or contracts based on such bid mistakes, shall be permitted. After bid opening no changes in bid prices or other provision of bids prejudicial to the interest of the Mutual or fair competition shall be permitted. All decisions to permit the correction or withdrawal of bids or to cancel awards or contracts based on bid mistakes shall be supported by a written determination made by the purchasing agent.
7. Upon approval by the Mutual Board of Trustees, the contract shall be awarded with reasonable promptness, by written notice, to the bidder whose bid most closely meets the requirements and criteria set forth in the invitation for bids.

#### C. Cancellation and rejection of bids

An invitation of bids, a request for proposals, or other solicitation may be canceled, or any or all bids or proposals may be rejected, in whole or part, as may be specified in the solicitation, when it is in the best interest of the Mutual. The reason shall be made part of the contract file.

#### D. Use of competitive sealed proposals in lieu of bids

When the purchasing agent determines in writing that the use of competitive sealed bidding is either not practicable or not advantageous to the Mutual, a contract may be entered into by competitive sealed proposals. Competitive sealed proposals are most appropriately used for professional service-type contracts.

1. Proposals shall be solicited through a request for proposals. Publish notice of the request for proposals shall be given at least thirty (30) days prior to the advertised date of the opening of the proposals.
2. Proposals shall be opened so as to avoid disclosure of contents to competing offerors during the process of negotiation. A register of proposals shall be prepared and shall be open for public inspection after contract award.

3. The request for proposals shall state the relative importance of price and other evaluating factors.
4. Offerors shall be accorded fair and equal treatment with respect to any opportunity for discussion and revision of proposals, and revisions may be requested of all or of a "short list" of offerors after submission and prior to award for the purpose of obtaining best and final offers. In conducting discussions, there shall be no disclosure of any information derived for proposals submitted by competing offerors.
5. Award shall be made to the person whose proposal is determined, in writing, to be the most advantageous to the Mutual, taking into consideration price and the evaluation factors set forth in the request for proposals. No other factors or criteria shall be used in the evaluation. The contract file shall contain the basis on which the award is made.

#### E. Architect-Engineer Services

Architect-Engineer services are qualification-based procurement. Requests for such services should be publicly announced. Contracts should be negotiated by the Mutual based on demonstrated competence at fair and reasonable prices.

#### F. Pre-qualification of Suppliers

Prospective suppliers may be pre-qualified for particular types of supplies, services, or construction. Solicitation mailing lists of potential contractors shall include, but shall not be limited to pre-qualified suppliers.

#### G. Bulk Purchasing

Annual contracts may be entered into for the provision of bulk materials and supplies when it is determined that such contracts will be cost effective. Such contracts shall be awarded on the basis of competitive sealed bids.

#### H. Determination of non-responsibility of bidder

Determination of non-responsibility of a bidder or offeror shall be made in writing. The unreasonable failure of a bidder or offeror to promptly supply information in connection with an inquiry with respect to responsibility may be grounds for a determination of non-responsibility with respect to the bidder or offeror. Information furnished by a bidder or offeror pursuant to this section shall not be disclosed outside of the purchasing division without prior written consent by the bidder or offer.

#### **I. Cost-plus-a-percentage-of-cost contracts prohibited**

Subject to the limitations of this section, any type of contract which will promote the best interest of the Mutual, may be used, provided that the sum of a cost-plus-a-percentage-of-cost contract is prohibited. A cost-reimbursement contract may be used only when a determination is made in writing that such contract is likely to be less costly to the Mutual than any other type or that it is impractical to obtain the supplies, services, or construction required except under such a contract.

#### **J. Required contract clauses**

1. The unilateral right of the Mutual to order, in writing, changes in the work within the scope of the contract and changes in the time of performance of the contract that do not alter the scope of the contract work.
2. Variations occurring between estimated quantities of work in a contract and actual quantities.
3. Suspension of work ordered by the Mutual.
4. Upon the award of all construction contracts, the following bonds or security shall be delivered to the Mutual:

- a) A performance bond in an amount equal to 100% of the contract price;
- b) A payment bond in an amount equal to 100% of the contract price to serve as protection of all persons or companies supplying labor and/or material to the contractor or its subcontractors for the performance of the contract.

### **IV. Specifications**

All specifications shall seek to promote overall economy and best use for the purpose intended and encourage competition in satisfying the Mutual's needs, and shall not be unduly restrictive. Where practical and reasonable, and within the scope of this article, Utah products and local vendors shall be given preference.

### **V. Appeals**

A. Any actual or prospective bidder, offeror, or contractor who is aggrieved in connection with the solicitation or award of a contract may appeal to the purchasing agent. An appeal shall be submitted in writing within five (5) working days after the aggrieved person knows or should have known the facts.

B. The purchasing agent shall promptly issue a written decision regarding any appeal, if it is not settled by a mutual agreement. The decision shall state the reasons for the action taken and inform the protestor, contractor, or prospective contractor of the right to the governing board.

C. The Mutual's governing board shall be the final appeal on the Mutual level.

## **VI. Ethics in Public Contracting**

A. No person involved in making procurement decisions may have personal investments in any business entity that will create a substantial conflict between their private interests and their public duties.

B. Any person involved in making procurement decisions is guilty of a felony if the person asks, receives, or offers to receive any emolument, gratuity, contribution, loan, or reward, or any promise thereof, either for the person's own use or the use of benefit of any other person or organization interested in selling to the Mutual.



# **UAC INSURANCE MUTUAL INVESTMENT POLICY STATEMENT**

## **I. POLICY**

It is the policy of the UACIM to invest its funds in a manner which will provide the highest investment return with the maximum security while meeting the daily cash flow demands of the Mutual and conforming to all state and local statutes governing the investment of public funds.

## **II. SCOPE**

This investment policy is created by the Audit Committee of the UAC Insurance Mutual and applies to all financial assets of the Mutual.

These funds are accounted for in the Annual Financial Report of the Mutual.

## **III. PRUDENCE**

Investments shall be made with judgment and care, under the circumstances then prevailing, which persons of prudence, discretion and intelligence exercise in the management of their own affairs, not for speculation, but for investment, considering the probable safety of their capital as well as the probable income to be derived.

- A. The standard of prudence to be used by investment officials shall be the "prudent person" standard and shall be applied in the context of managing an overall portfolio. Investment officers acting in accordance with written procedures and the investment policy and exercising due diligence shall be relieved of personal responsibility for an individual security's credit risk or market price changes, provided deviations from expectations are reported in a timely fashion and appropriate action is taken to control adverse developments.
- B. Prohibited practices shall include, but not be exclusive to churning, unnecessary transactions and rebating.

## **IV. OBJECTIVE**

- A. **Safety:** Safety of principal is the foremost objective of the investment program. Investments shall be undertaken in a manner that seeks to ensure the preservation of capital in the overall portfolio. To attain this objective, diversification is required so potential losses on individual securities do not exceed the income generated from the remainder of the portfolio.
- B. **Liquidity:** The investment portfolio will remain sufficiently liquid to enable the Mutual to meet all operating requirements which might reasonably be anticipated and documented in the annual Board - approved Operating Budget.

- C. **Return on Investments:** The investment portfolio shall be designed with the objective of attaining a rate of return throughout budgetary and economic cycles, commensurate with the investment risk constraints and the cash flow characteristics of the portfolio.

## V. DELEGATION OF AUTHORITY

- A. Authority to manage the investment program is derived from the Bylaws of the UAC Insurance Mutual. The Audit Committee is charged with making recommendations to the Board on the financial affairs of the Mutual and may designate appropriate staff to develop written procedures for the operation of the investment program consistent with this investment policy. Procedures will include reference to:
1. Safekeeping;
  2. PSA Repurchase Agreements;
  3. Wire Transfer Agreements;
  4. Banking Service Contracts, including the establishment of a Custodial Bank Agreement;
  5. Collateral/Depository Agreements; and
  6. Investment Manager Selection and Evaluation.
- B. It is the responsibility of the members of the Audit Committee to report to the Board all decisions and action taken by the Audit Committee.
- C. No person may engage in an investment transaction except as provided under the terms of this policy and the procedures established by the Audit Committee. The Executive Assistant, under the supervision of the Director, shall be responsible for daily financial transactions.

More specifically, no funds shall be transferred out of or between the separate accounts at any time, for any reason, without the signature of at least two of the three following individuals authorized by the Board of Trustees to approve the transfers; UACIM Director, President or Vice President of the Board of Trustees.

- D. The Audit Committee may choose to select a professional money manager to manage the investment assets. Those assets would include funds not required by cash flow projections to meet the immediate needs of the Mutual. In the event that the Audit Committee decides to select a professional money manager, such selection will be made through a formal Request for Proposal process.

The Money Manager would be charged with the following responsibilities:

1. Adopting an investment philosophy which is compatible with the policies of the Mutual as set forth in Section I above;
2. Selecting appropriate investment instruments to implement the designated philosophy;
3. Selecting Broker/dealers for the purpose of executing investment trades, who meet the requirements set forth in Section VII below;
4. Executing trades at market prices most advantageous to the Mutual;

5. Reporting on a regular basis to the Audit Committee on the performance of assets under management as set forth in Section XIV below;
6. Reporting to the Audit Committee in a timely manner, any material changes in the financial or staffing conditions of the management firm.

## **VI. ETHICS AND CONFLICTS OF INTEREST**

Officers and employees involved in the investment process shall refrain from personal business activity that could conflict with proper execution of the investment program, or which could impair their ability to make impartial investment decisions. Employees and investment officials shall disclose to the Director any material financial interests in financial institutions that conduct business within this jurisdiction, and they shall further disclose any large personal financial/investment positions that could be related to the performance of the funds, particularly with regard to the time of purchases and sales.

## **VII. AUTHORIZED FINANCIAL DEALERS AND INSTITUTIONS:**

The Manager shall maintain a list of financial institutions desiring and authorized to provide investment services. In addition, a list will also be maintained of approved security broker/dealers selected by credit worthiness who are authorized to provide investment services in the State of Utah. Broker/dealers must be certified by the Utah Money Management Council. Funds shall be deposited only in a qualified public depository as certified by the Utah Money Management Council.

## **VIII. AUTHORIZED AND SUITABLE INVESTMENTS:**

The UACIM has resolved that its investments shall be limited to those securities authorized by Section 51-7-11, as that Act pertains to the investments of public funds.

## **IX. COLLATERALIZATION**

Collateralization will be required on two types of investments: certificates of deposit and repurchase agreements and will also be required on checking accounts if there is a balance of over \$100,000. In order to anticipate market changes and provide a level of security for all funds, the collateralization level will be one hundred two (102) percent of market value of principal and accrued interest. State law rules for collateralization will be adhered to. Collateral will always be held by an independent third party with whom the entity has a current custodial agreement. A clearly marked evidence of ownership (safekeeping receipt) must be supplied to the entity and retained.

## **X. SAFEKEEPING AND CUSTODY**

All security transactions, including collateral for repurchase agreements, entered into by the Mutual shall be conducted on a delivery-versus-payment (DVP) basis. Securities shall be held by a third - party custodian designated by the Audit Committee and evidenced by safekeeping receipts.

## **XI. DIVERSIFICATION**

The Mutual will diversify its investments by security type and institution to the degree that such diversification is permitted. Investments in commercial paper, corporate bonds and asset-backed obligations shall not exceed 20 percent of the total assets of the fund.

## **XII. MAXIMUM MATURITIES**

To the extent possible, the Mutual will attempt to match its investments with anticipated cash flow requirements as determined by the Audit Committee. For funds not specifically matched to cash flow, the Mutual will invest in securities not exceeding the terms to maturity as set out in 51-7-11.

## **XIII. PERFORMANCE STANDARDS**

The investment portfolio shall be designed with the objective of obtaining a rate of return throughout budgetary and economic cycles, commensurate with the investment risk constraints and the cash flow needs.

**Market Yield (Benchmark):** The Mutual's investment strategy is active. Given this strategy, the basis used by the Audit Committee to determine whether market yields are being achieved shall be the Lehman Brothers Intermediate Government Bond Index or other appropriate index as designated annually by the Audit Committee.

## **XIV. REPORTING**

The Executive Assistant is charged with the responsibility of providing a market report on investment activity and returns on a regular basis to the Board of Trustees and to the Audit Committee on an annual basis. Reports to the Audit Committee will include, but not be limited to:

1. Performance;
2. Volatility (as measured by effective duration);
3. Interest earnings;
4. Number of trades;
5. Average maturity;
6. Market sector breakdown.

## **XV. INVESTMENT POLICY ADOPTION**

The investment policy shall be adopted by resolution of the Board of Trustees. The policy shall be reviewed by the Audit Committee annually and any modifications made thereto must be approved by the Board of Trustees.

UAC INSURANCE MUTUAL

EMPLOYMENT

POLICIES & PROCEDURES

MANUAL

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## **IMPORTANT NOTICE-ALL EMPLOYEES**

This Manual is provided to you as a reference guide regarding UACIM Policies and Procedures. **These policies and procedures as well as the benefits provided by UACIM to its employees may be amended from time to time by action of the UACIM Board of Trustees. The Board of Trustees reserves the right to amend, alter, or revoke any policy, practice, benefit, or employment condition, at any time, or for any reason, with or without notice.**

**No contract exists between UACIM and its employees or any third parties with respect to salary ranges, movement within salary ranges, employee benefits, work location, or any other aspects of employment. These may change as a result of salary surveys, job analysis, availability of funds, job performance, changes in workload, or changes in Mutual policies and procedures. Employment with UACIM is "at will" and may be terminated at any time.**

**No department heads, supervisors, or elected officials have the authority to vary the terms of this policy manual.**

## **SECTION I      INTRODUCTORY PROVISIONS-ALL EMPLOYEES**

UAC Insurance Mutual, “the Mutual” or “UACIM”, is a political subdivision operating under the laws of the State of Utah.

### ***A.      Applicability of Policies and Procedures***

These policies and procedures apply to all employees of the Mutual.

### ***B.      Authority for Policies***

The UACIM Board of Trustees establishes the policies and procedures that are outlined in this document. The Board may alter, amend, or supplement these policies at any time. The UACIM Board of Trustees must approve any amendments or changes to the policies and procedures.

### ***C.      Savings Clause***

If any provision of these policies and procedures, or the application thereof, is found to be in conflict with any State or Federal Law, the remainder of these policies and procedures that is not in conflict with any State or Federal Law shall remain in force.



## **SECTION II      EQUAL EMPLOYMENT OPPORTUNITY-ALL EMPLOYEES**

### **A.      *Non-Discrimination***

UACIM is an equal opportunity employer. UACIM complies with Federal and State non-discrimination laws with respect to employment on the basis of race, color, national origin, sex, age, disability, or religion. UACIM complies with Title VII, the Americans with Disabilities Act, the Age Discrimination in Employment Act, the Equal Pay Act and other applicable laws relating to non-discrimination in employment. Employment at UACIM is based upon the applicant or employee's qualifications, suitability for the job, job references, and ability to perform the functions of the job.

### **B.      *Nepotism***

The Mutual complies with Utah Code Ann. §§ 52-3-1 to 52-3-4 (1953, as amended) regarding the employment of relatives.

If because of marriage, promotion, reorganization or other reason, it appears that a conflict with Utah law or this policy exists, the Director, and the Board of Trustees shall review the matter.

If it is determined that a conflict exists, resignation of one of the family members will be required.

## **SECTION III      EMPLOYMENT STATUS AND COMPENSATION**

### **A.      *Employment Positions***

UACIM positions are generally designated either full-time or part-time positions. Each job description shall state whether the position is a full or part-time, seasonal or temporary position and if it is an exempt or non-exempt position for purposes of the Fair Labor Standards Act (FLSA). Employees holding full-time positions receive the benefits and protections described in this manual. Part-time employees receive proportional benefits.

An employee's classification determines the level of benefits for which the employee is eligible.

1. Full Time Positions: Employees who generally work thirty-two (32) or more hours per week in a permanent position, are full-time employees.
2. Part Time Positions: Employees who work less than thirty-two (32) hours per week on a continuous or recurring basis are part time employees.

### **B.      *FLSA***

The Mutual abides by the provisions of the Fair Labor Standards Act.

### **C.      *Payroll Procedures***

Paydays are twice a month, on the fifteenth and the last day of the month. When payday fall on a Saturday, the payday will be the preceding Friday. When the payday falls on a Sunday, the payday will be the following Monday.

### **D.      *Termination Pay***

Employees who leave UACIM service for any reason will be paid the wages due them at the next regularly scheduled payday. UACIM will also pay terminating employees for accrued vacation time or sick leave as due.

## **SECTION IV     BENEFITS**

The Mutual provides a variety of benefits to eligible employees. Among the benefits provided are a retirement program, a long-term disability insurance program, medical and life insurance plans, and a deferred income investment program.

**The Mutual may add, alter or eliminate benefits at its discretion.**

### **A.     *Retirement-Full-Time Employees***

In order to help its employees plan and prepare for retirement, the Mutual participates in the public employee retirement program of the Utah State Retirement System, a 401k plan, and a deferred compensation plan. The Mutual contributes the maximum allowable employer contribution into the retirement system. The Mutual pays 8.54% of payroll for each employee into the 401k plan, and 4.3% into the deferred compensation plan.

### **B.     *Group and Medical Insurance-Full-Time Employees***

The Mutual provides the following life and health benefits to full-time employees and their dependents:

1. Major medical and surgical
2. Dental Care
3. Vision Care
4. Group Term Life
5. Accidental Death and Dismemberment
6. Workers' Compensation (employees only)
7. Long term disability (employees only)

The Mutual pays 100% of the cost for insurance coverage of the employee and eligible dependents. The cost of optional coverages and amounts above the basic package are the responsibility of the employee.

The Mutual annually places \$200 per employee and per each family member (spouse, children) into a Section 125 Cafeteria Plan. Plan funds may be used by the employee to pay for deductibles, co-payments, and eligible, unreimbursed healthcare expenses.

### **C.     *Holidays***

The Mutual provides paid holidays to allow employees to enjoy a break in the work routine and to commemorate special Federal and State historical events and activities.

The first day of January – New Years Day

The third Monday of January – Martin Luther King Day

The third Monday of February – Presidents' Day

The last Monday of May – Memorial Day

The 4<sup>th</sup> of July – Independence Day

The 24<sup>th</sup> of July – Pioneer Day

The first Monday of September – Labor Day

The second Monday of October – Columbus Day

The 11<sup>th</sup> of November – Veteran's Day

The fourth Thursday and Friday of November – Thanksgiving Day

The 25<sup>th</sup> of December – Christmas Day

Should a holiday occur while an employee is on vacation, the employee will not be charged with vacation on the day of the holiday.

To be eligible for holiday pay an employee must work the regular scheduled day prior to the holiday, or the first regular scheduled day after the holiday, or be on a paid leave using vacation pay, sick leave pay, or accrued compensatory time etc.

#### ***D. Vacation-Full-Time Employees***

The Mutual provides paid vacation to all full-time employees according to the following schedule:

Eligible employees earn vacation as follows:

<u>Service</u>	<u>Annual Vacation Days Earned</u>
Less than 5 years	12 days
5 but less than 10 years	15 days
10 years and over	20 days

Here are some general vacation rules:

1. Employees may use their vacation anytime, subject to staffing requirements of the Mutual.
2. Legal holidays occurring while an employee is on vacation are not deducted from an employee's accrued vacation time.
3. Vacation hours may be carried forward to succeeding years. However, no more than 45 days (360 hours) may be carried forward. All accumulated vacation leave above 45 days will be converted and paid to the employee at current rate of pay at the end of the calendar year.
4. Vacation time will not accrue while an employee is on leave of absence.
5. Employees may not take vacation time before earning it unless approved in advance by the Director.

**E. Sick Leave-Full-Time Employees**

The Mutual provides compensated sick leave to full-time employees who cannot perform their normal duties as a result of illness or injury. Sick leave is a privilege and employees should use it responsibly. Intentional misuse of sick leave may be grounds for discipline, up to and including termination.

Eligible employees may earn sick leave at the rate of one day of leave for every month worked (one day for each full month of service). Employees may take sick leave for personal illness or to care for sick family members (spouse, child, or parent). Here are some general sick leave rules:

1. As a courtesy, employees taking sick leave should provide as much advance notice as possible to their supervisors in order to minimize disruption to the workplace.
2. Employees absent from work due to their own illness or injury will be carried on the payroll in a leave with pay status for a time equal to the compensated sick leave accrued. After exhausting accrued sick leave, additional time off for illness will be charged to vacation time.
3. Sick leave may be taken in increments smaller than eight hours.
4. Legal holidays occurring while a full-time employee is ill will not be deducted from an employee's accrued sick leave.
5. There is a limit of 120 days of sick leave that may be accrued and carried forward to succeeding years.

6. Unused sick leave may be converted to additional vacation time at the rate of one sick day leave equals one-half day additional vacation time and either taken as vacation or paid to the employee, at current rate of pay, at the end of the calendar year.
7. Employees do not earn sick leave while on an unpaid absence.
8. After three (3) consecutive days of sick leave, at the Mutual's discretion, an employee may be required to provide a doctor's certificate of illness with respect to any sick leave taken.
9. Employees are encouraged to build up sick leave so that days are available for serious illness. Employees who regularly use up sick leave will be counseled regarding the difficulties such a practice may create.

#### ***F. Bereavement Leave-Full-Time Employees***

The Mutual grants funeral leave to employees who suffer the death of a member of the immediate family, or a close relative. It is the intent of the Mutual to be considerate of an employee's special needs and to be supportive in the death of a loved one.

As a result of this consideration, the Mutual may provide the individual with paid time off from work to attend the funeral and to fulfill other responsibilities before the funeral.

If an employee suffers the death of a close relative, and requests time off from work during the period of bereavement, the Director may approve the request based on the following:

1. The necessity and appropriateness of having the time off. The employee should be attending the funeral and/or have certain responsibilities to fulfill before the funeral.
2. The amount of time off:
  - a. If the deceased was a member of the employee's immediate family (spouse, child or child of a spouse, parent or parent of a spouse, sibling or sibling of a spouse, brother or sister-in-law, grandparents, and grandchild or grandchild of a spouse), the employee may have paid time off up to five (5) days at any time between the death and the day of the funeral.
  - b. For other close relatives (aunt, uncle, niece, or nephew of either the employee or spouse) the employee may have paid time off for the day of the funeral.

3. The pay for bereavement leave will be based on the employee's normal rate of pay and the number of hours in the normal workday. Employees may request additional days off and use accrued time, or leave without pay, as appropriate.
4. In the event of the death of a member of the immediate family while an employee is on vacation, the vacation will be extended by the amount of time normally authorized as outlined above.

#### **G. Family and Medical Leave-Full-Time Employees**

The Mutual complies with all applicable requirements of the Family and Medical Leave Act of 1993 (FMLA).

1. An employee's use of FMLA will not result in the loss of any employment benefit that accrued prior to the start of the employee's leave. However, the employee must first use any accrued paid vacation, compensatory time, and sick leave during the FMLA leave period. In calculating the twelve (12) week FMLA limit, all paid leave will be included.
2. The Mutual has adopted the calendar year as the basis for determining FMLA eligibility. However the Mutual retains the right to change the eligibility period when it is determined to be in the best interest of the Mutual to do so in terms of administration.
3. Upon returning from FMLA leave, most employees will be reinstated to the same, or equivalent, position with equivalent pay, benefits, and other employment terms as previously provided. There will be no loss of benefits that accrue prior to the start of the employee's leave.

#### **H. Jury Duty**

Every employee is entitled to a leave of absence when subpoenaed or ordered to appear as a juror or witness by the Federal Government, State of Utah, or political subdivision thereof. If the employee turns over the juror or witness fee to the Mutual along with a copy of the subpoena, the Mutual will pay the employee's regular compensation. Travel time to or from juror or witness duty is also considered an approved absence, but the Mutual will not pay for mileage regardless of whether the subpoena requires travel during work hours.

#### **I. Education Assistance-Full-Time Employees**

Mutual employees are encouraged to seek further education to perform their jobs more effectively and to enhance their professional development. UACIM may subsidize the education expenses of employees under specified circumstances. This policy is subject to availability of funds, and applies only to full-time employees.

### 1. Program Eligibility

The education program must provide a benefit to the Mutual by directly relating to the work the employee currently performs or will be required to perform.

### 2. Reimbursement

Education assistance shall not exceed \$500 in any one year. Tuition costs shall not be carried into the next budget year for reimbursement.

### 3. Procedures

- a. Employees are encouraged to attend classes during non-working hours. In the alternative, the Director may flex an employee's work schedule to allow the employee to attend classes.
- b. To receive education assistance, an employee must receive approval from the Director prior to commencement of the class.
- c. To be reimbursed, the employee must complete the approved class with a final grade of "C" or better. If the course is only offered on a pass/fail basis, the employee must receive a passing grade.
- d. The employee must submit proof of a satisfactory grade and proof of tuition payment to the Director prior to reimbursement.

### 4. Required Classes

If the Mutual requires an employee to attend an education program or class, the Mutual shall pay the full cost of the program or class.

## ***J. Travel for UACIM Business***

The Mutual will pay for mileage or other transportation costs, lodging and a per diem for travel authorized for Mutual business. The amounts paid are determined from time to time by the UACIM Board of Trustees.

1. Mileage. The Mutual will pay for mileage at the approved rate when an employee uses a personal vehicle for official business outside normal travel to and from work.
2. Per Diem. The Mutual will pay per diem at a rate established by the Board of Trustees for employees away from home on approved business.



3. UACIM Automobiles. An automobile is provided to the Director and the Loss Control Manager as part of the benefit package. Expenses for the use of the automobiles are paid by the Mutual, except gasoline for personal, out of state use.
4. Other Travel Expenses. The Mutual will pay or reimburse employees for other expenses, such as lodging or airfare, on approved business trips.

**K. Cost of Living Adjustment**

1. Employee salaries shall be adjusted annually to protect them from inflation of the local economy.
2. The adjustment shall be based upon the percentage increase (if any) of the U.S. Department of Labor, Consumer Price Index for the Salt Lake City Area as reported in January of each year, which shall be the effective date of the salary adjustment.

**L. Merit Salary Increases**

1. Merit salary increases for employees shall be considered annually on the basis of a satisfactory performance review.
2. Merit salary increases shall only be granted upon approval of the Director and the Board of Trustees.
3. The effective date of the merit increase shall be the employee's anniversary date of employment with the Mutual.

**M. Annual Bonus**

The Mutual provides an annual bonus of ½ of 1% of salary, or \$250, whichever is greater, to all full-time employees with the first payroll of December.

**N. Disclaimer**

The Mutual reserves the right to make changes in benefits, providers, or other benefit issues at any time.

## **SECTION V      WORK POLICIES-ALL EMPLOYEES**

### ***A.      Terminating Employment***

An employee's employment with the Mutual may terminate in different ways:

1. Resignation. Employees may resign at any time. However, as a courtesy, the Mutual requests that employees give two weeks written notice so that the Mutual has time to prepare final paperwork and arrange to assure a minimal disruption to the work. Any accrued vacation and sick leave will be paid at the time of resignation.
2. De-facto Resignation. Employees who are absent from work for three (3) consecutive days and are capable of providing notice to their supervisor, but fail to do so, are considered to have voluntarily resigned.
3. Involuntary Termination

### ***B.      Outside Employment***

No Mutual employees may engage in any outside employment or activity that impairs the performance of their duties or is detrimental to our customer service.

### ***C.      Absence Without Leave***

No employee may be absent from duty without permission. All employees should notify the Director prior to an absence. In emergency situations where prior notification is not possible, the employee should notify as soon as possible.

If a pattern (two or more) of unexplained or unexcused absences develops, employees may be subject to a disciplinary action, including termination.

### ***D.      Work Hours***

All full-time employees are expected to work their assigned schedule.

1. Hours are from 8:30 a.m. until 5:00 p.m.
2. Each employee is allowed a thirty minute lunch period. The employee's actual time will be determined by the Director. Employees are normally

expected to be present during all other work hours unless special arrangements are made with the Director from time to time for cause.

3. Generally, employees are not allowed to skip their lunch break to leave work early.

#### ***E. Standards of Conduct***

The Mutual expects its employees to conduct themselves diligently and honorably in their assignments on behalf of the public. Employees should:

1. Work diligently on their assigned duties during their assigned work schedules.
2. Make prudent use of Mutual funds, equipment, buildings, supplies, and time.
3. Work courteously with coworkers and the public.
4. Observe work place rules of conduct and safety.
5. Meet the standards of their individual job descriptions.
6. Report and correct circumstances that prevent employees from performing their jobs effectively or completing their assigned tasks.

#### ***F. Employee Discipline***

Employees who violate Mutual policy are subject to discipline. Depending upon the circumstances, the Mutual may transfer, suspend, reduce pay, demote, or terminate employees who violate Mutual policy. Grounds for discipline may include, but are not limited to:

1. Inefficiency.
2. Incompetence.
3. Failure to maintain skills.
4. Inadequate performance levels.
5. Neglect of duty.
6. Misconduct.
7. Inability to work in harmony with coworkers.

8. Rudeness to the public.
9. Disobedience of a reasonable order of a supervisor.
10. Dishonesty.
11. Insubordination.
12. Misappropriation or damage to public funds or property.
13. Misuse of public funds or property.
14. Tardiness.
15. Unapproved absences.
16. Any act inimical to public service.
17. Felony convictions and other violations of state and federal law

This list is not exhaustive and is set forth as a guideline. This list should **not** be construed as preventing or limiting the Mutual from taking disciplinary action, including termination, in circumstances where the Mutual deems such action to be appropriate, regardless of whether the Mutual has specifically identified a written rule or policy. Similarly, employees may be disciplined for violations of Mutual policy found in other sections of this manual, violations of State or Federal law, or violations of relevant policies, rules or laws promulgated elsewhere.

Employees may appeal disciplinary action through the Mutual's Dispute Resolution process.

### ***G. Drug Free Workplace***

UACIM is committed to providing a safe work place and ensuring the safety of the general public and asks your cooperation in this effort.

The purpose of this policy is to implement the Federal Drug Free Workplace Act of 1988 by providing for a safe and productive work environment that is free from impaired performance caused by employee use or abuse of controlled substances, medication, and/or alcohol. This policy establishes procedures for controlling drug or alcohol use or abuse in the workplace and applies to all employees.

1. Responsibility of Employees

- a. No employee shall unlawfully manufacture, dispense, possess, use, or distribute any controlled substance, medication, or alcohol.
- b. Any employee convicted under a federal or state statute regulating controlled substances shall notify his or her supervisor within five (5) days after the conviction.
- c. No employee shall consume alcohol immediately before work, during work hours while at work, during breaks, or during lunch. No employee shall be impaired by alcohol, illegal drugs, or medication during work hours. No employee shall represent the Mutual in an official capacity while impaired by alcohol, illegal drugs, or medication.
- d. If an employee is using medication that may impair performance of duties, the employee shall report that fact to his or her supervisor.
  - (i) No employee using medication that may impair performance shall operate a motor vehicle on behalf of the Mutual.

## 2. Reasonable Suspicion Testing

- a. Any employee who has reason to believe that the performance of another employee is impaired by alcohol, illegal drugs, or medication shall notify the impaired employee's supervisor. At the request of the employee's supervisor, the employee suspected of being under the influence of alcohol and/or drugs shall submit to a chemical test of their bodily fluids. Refusal to submit to a test shall be deemed a violation of this policy subject to discipline.

The Cost of the test shall be paid by UACIM.

## 3. Corrective Action

- a. The supervisor of an employee whose performance is impaired by alcohol, illegal drugs, or medication, shall take corrective action, which may include discipline.
- b. Upon taking corrective action, the Director shall prepare a written report stating the reasons for the action.
- c. An employee impaired by illegal drugs or alcohol during work hours shall be relieved from duty and shall use accumulated leave for the absence.
- d. An employee impaired by medication during work hours may be relieved from duty and shall use accumulated leave for the absence.

- e. The Director may change an employee's assignment while the employee is using medication, if the employee is impaired by the medication.
- f. If a Department Head has reason to believe that an employee may be abusing an illegal drug, medication, or alcohol, the Department Head may refer the employee to an evaluation program for the purpose of obtaining a diagnosis.
  - (i) The cost of the evaluation and any necessary testing shall be paid by the Mutual.

#### 4. Treatment Program

- a. If an employee admits abusing an illegal drug, medication, or alcohol, or if it is determined by a medical or other recognized professional diagnosis that an employee is abusing an illegal drug, medication, or alcohol, the Director may refer the employee to a treatment program based on the severity of the condition.
  - (i) The employee shall participate in the treatment program at the employee's expense.
  - (ii) The Department Head may change an employee's assignment while the employee is enrolled in a treatment program.
- b. An employee participating in a treatment program shall use accumulated leave consistent with the sick leave policy for any absence.
- c. The employee shall provide documentation of successful completion of the treatment program.
  - (i) After the employee's successful completion of the treatment, the Department Head shall reinstate the employee to the employee's former or equivalent position.
- d. The employee shall sign a release to allow communication between the Director and the treatment provider. All such communication shall be maintained in a confidential file separate from the employee's personnel file.
- e. Department Head may dismiss an employee who refuses to enroll in a treatment program, fails to successfully complete the program, or fails to provide documentation of completion.
- f. A Department Head may reassign an employee returning from treatment.

## ***H. Sexual Harassment Prohibited-All Employees***

UACIM does not tolerate sexual harassment. Sexual harassment is a form of employee misconduct that interferes with workplace productivity and wrongfully deprives employees of the opportunity to work in an environment free from a harassing or sexually charged atmosphere. Offenders are subject to discipline, up to and including termination.

All employees are responsible for ensuring that the workplace is free from all forms of sexual harassment.

1. Sexual harassment encompasses a wide range of behaviors, including sexual attention, sexual advances, requests for sexual favors, and other verbal, visual, or physical conduct of a sexual nature.
2. Examples of sexual harassment may include, but are not limited to the following:
  - a. Implying or threatening adverse employment actions if sexual favors are not granted.
  - b. Promising preferential treatment in return for sexual favors.
  - c. Subtle pressure for sexual activity.
  - d. Inappropriate touching of any individual i.e. petting, pinching, hugging, or repeated brushing against another employee's body.
  - e. Offensive remarks, including unwelcome comments about appearance, obscene jokes, or other inappropriate use of sexually explicit or offensive language
  - f. The display of sexually suggestive objects or pictures.
  - g. Disparaging remarks about a person's gender.
  - h. Spreading stories about a person's sexual conduct.
  - i. Questions about a person's sexual activity.
  - j. Physical aggression such as pinching or patting.
  - k. Verbal sexual abuse disguised as humor.
  - l. Obscene gestures.
  - m. Horseplay or bantering of a sexual or off-color nature.

- n. Other actions of a sexual nature that affect the terms and conditions of a person's employment.
  - o. Conduct or comments consistently targeted at only one gender, even if the content is not sexual.
3. The Mutual considers prompt reporting of harassment to be a condition of your employment. If you believe that you have experienced or witnessed sexual harassment, you must immediately report your concern to the Director. If you feel uncomfortable reporting to the Director, contact a member of the UACIM Board of Trustees.
  4. The Mutual will not retaliate against any person who reports sexual harassment.
  5. The Mutual will investigate allegations of sexual harassment and will take appropriate action against any person found to have violated this policy. Individuals who engage in sexual harassment are subject to discipline, which may include, but is not limited to reprimand, reassignment, suspension, demotion, termination, or other sanctions.

***I. Harassment Based on Other Protected Categories Prohibited-All Employees***

The Mutual believes that a workplace free from hostile, intimidating, or offensive behavior is the most productive workforce. Employees should use courtesy and common sense when interacting with coworkers. Employees who harass others based upon their color, national origin, age, religion or disability are subject to discipline, up to and including termination. All employees should work together in a professional manner with courteous, mutual respect.

Harassment based on color, national origin, age, religion or disability encompasses a wide range of behaviors, including racially based derogatory comments, taunting, or treatment. Examples of racial harassment may include, but are not limited to, the following:

1. Slurs or put-downs based on color, national origin, age, religion or disability.
2. Materials such as cartoons or e-mails making fun based on color, national origin, age, religion or disability.

The Mutual considers prompt reporting of harassment to be a condition of your employment. If you believe that you have experienced or witnessed harassment based on color, national origin, age, religion or disability, you must immediately report your



concern to the Director. If you feel uncomfortable reporting to the Director, contact a member of the Board of Trustees.

The Mutual will investigate allegations of racial or sexual harassment and will take appropriate action against any person found to have violated this policy. Individuals who engage in racial or sexual harassment are subject to discipline, which may include, but is not limited to reprimand, reassignment, suspension, demotion, termination, or other sanctions

#### ***J. Computer & E-mail Usage-All Employees***

The Mutual recognizes that excessive personal use of Mutual-owned computers during work hours can affect productivity. **The Mutual reserves the right to monitor computer usage, files stored on Mutual computers, and Internet usage.**

For purposes of this policy, "files" means all documents, programs, e-mail, and Internet locations that are created, accessed, stored, or temporarily located on a Mutual computer.

1. Personal Use. Employees may use assigned computers for limited personal purposes. This approval is similar to the occasional personal use of telephones during breaks. Excessive use of the computer for personal reasons is not allowed.
2. Inappropriate Usage. Employees are not allowed to use a computer for self-employment, or outside employment purposes. Entering or maintaining information on a Mutual computer that is in violation of the Mutual's Policies and Procedures, or that violates state or federal law, is prohibited.
3. Privacy. All files created, accessed, or stored on a Mutual computer are considered Mutual property. Employees are advised that there is no right to privacy when using a Mutual Computer.
4. Licenses. Employees shall use computer software only in accordance with the license agreement. Copying software licensed to, or developed by, UACIM for home computer use or any other purpose is prohibited. Bringing software from home computers to run on UACIM computers is also prohibited.
5. Equipment. Only authorized employees may purchase, move, alter, or repair computer equipment and wiring.
6. E-mail. Employees may use the Mutual's e-mail functions as explained above.
7. Internet Access. Internet usage falls within the above constraints.

8. Disciplinary Action. Employees using Mutual computers in an unauthorized or inappropriate manner may be disciplined. Discipline may include termination.

**K.     *Seat Belt Use – All Employees***

Employees must use seatbelts while in vehicles pursuing official business.

**L.     *Cell Phone Use – All Employees***

1. Cell phones should not be used when it is a distraction to driving.
2. Whenever possible, pull over when safe to use the phone.

## SECTION VI DISPUTE RESOLUTION PROCESS

### A. *Dispute Resolution Philosophy*

The Mutual encourages its employees to work to resolve disputes amicably and informally. When a dispute arises regarding suspension, transfer, demotion, or dismissal, full-time employees may seek redress through the dispute resolution process. When a dispute arises regarding unlawful discrimination, all employees may seek redress through the dispute resolution process. The following definitions apply to the dispute resolution process:

1. Suspension. An absence imposed as discipline, without pay, which may or may not result in further disciplinary action.
2. Transfer. An involuntary job assignment change from one department to another.
3. Demotion. A job classification change to a lower grade.
4. Dismissal. Involuntary termination from Mutual employment
5. Unlawful Discrimination. A claim of discriminatory treatment based on a protected category such as race, color, national origin, sex, age, disability, or religion.

This dispute resolution process is intended to foster fair resolution of employee disputes. Therefore, procedure should not override efforts to amicably resolve differences. However, in order to expeditiously resolve disputes and minimize interference with the public's business, matters of timing should be adhered to unless good cause is shown or the parties agree to extensions.

The Mutual prohibits retaliation against employees who utilize the dispute resolution process. Employees with questions regarding how the dispute resolution process works may seek counseling from the Director regarding procedure; however, the Director cannot comment or provide advice on the substantive issues in dispute. Employees may select a representative of their choice to represent them at any stage of the dispute resolution process.

The Mutual urges employees to attempt to resolve disputes informally with their supervisors or department heads directly. Before launching a formal review with a department head, employees should attempt to resolve disputes by dealing directly with the individuals involved. However, the Mutual recognizes that there are circumstances where employees may feel uncomfortable addressing issues directly with a supervisor. In such cases, employees may proceed directly to the next step of the dispute resolution process.

## ***B. Dispute Resolution Procedure***

The Mutual's dispute resolution process involves three steps. Employees who are unhappy with the outcome of any step may proceed to the next step in the process. Step one of the dispute resolution process must be commenced within 30 calendar days of the event giving rise to the dispute or within 30 calendar days of the time the employee reasonably should have known of the event giving rise to the dispute.

Step One: Department Head Review

Step Two: Director Review

Step Three: Board of Trustees Review

1. Department Head Review. If a dispute remains unresolved after an informal attempt to work out a solution, an employee may file a written appeal with the department head stating the basis of the dispute and outlining the employee's position. The department head has ten working days to respond to the employee's dispute.
2. Director Review. If the employee so chooses, the employee can appeal the decision of the department head to the Director. The Director has ten working days to make a determination on the appeal in writing.
3. Board of Trustees Review. If the employee is unsatisfied with the outcome of the Director review, or if the Director fails to respond within ten working days, the employee has ten working days from the receipt of the Director's response, or the date the Director should have responded, to file a written appeal with the Board of Trustees. The Board may request additional information from the parties involved and, at its discretion, may hold an informal hearing attended by the parties. If the Board elects to hold a hearing, the Board will issue a written decision to the parties within fifteen working days from the hearing date. If the Board elects not to hold a hearing, the Board will issue a written decision within fifteen working days of receipt of the last additional information requested by the Board from the parties.



# Custom Ladder

## Portfolio prepared for Agency Ladder by Robert Rich

Quantity	Issuer	Rating	Coupon	Maturity	Freq	Price	YTM	Curr	Total	Settles	Call Date/Redemption			
\$500,000	Federal Natl Mtg Assn	Null	3.500%	09/15/2004	2	\$103.377	0.983%	3.386%	\$519,415	05/07/2003				
\$500,000	Fedl Natl Mtg Assn	Null	1.875%	12/15/2004	2	\$101.089	1.187%	1.855%	\$508,937	05/07/2003				
\$500,000	Federal Natl Mtg Assn	Null	3.875%	03/15/2005	2	\$104.801	1.249%	3.697%	\$526,802	05/07/2003				
\$500,000	Federal Home Loan Bank	Null	3.250%	08/15/2005	2	\$103.807	1.537%	3.131%	\$522,736	05/07/2003				
\$500,000	Fedl Natl Mtg Assn	Null	2.410%	05/12/2006	2	\$100.000	2.410%	2.410%	\$500,000	05/12/2003	11/12/2003 \$100.00			
\$500,000	Fedl National Mtg Assn	Null	4.375%	10/15/2006	2	\$107.027	2.239%	4.088%	\$536,472	05/07/2003				
\$500,000	Fedl Natl Mtge Assn	Null	4.250%	07/15/2007	2	\$106.871	2.511%	3.977%	\$540,964	05/07/2003				
\$500,000	Federal Home Loan Mtg CoNull	Null	3.500%	09/15/2007	2	\$103.824	2.567%	3.371%	\$521,646	05/07/2003				
\$500,000	Fedl Home Loan Mtg Corp Null	Null	3.375%	04/08/2008	2	\$100.000	3.373%	3.375%	\$501,359	05/07/2003	04/08/2004 \$100.00			
\$500,000	Fedl Home Loan Mtg Corp Null	Null	3.050%	05/15/2008	12	\$100.000	3.050%	3.050%	\$500,000	05/08/2003	05/15/2004 \$100.00			
\$500,000	Federal Home Loan Bank	Null	4.000%	02/27/2009	2	\$100.000	3.960%	4.000%	\$500,000	05/27/2003	08/27/2003 \$100.00			
\$500,000	Federal Home Ln Mtg	Null	5.750%	03/15/2009	2	\$113.444	3.213%	5.069%	\$571,374	05/07/2003				
\$500,000	Federal Natl Mtg Assn	AAA/N/A	6.625%	11/15/2010	2	\$118.845	3.728%	5.574%	\$610,051	05/07/2003				
\$500,000	Fedl Home Loan Mtg Corp Null	Null	3.000%	11/15/2010	2	\$100.000	3.000%	3.000%	\$500,000	05/08/2003	05/15/2004 \$100.00			
\$7,000,000 in Bonds							Average	07/18/2007	Average	2.501%	3.570%	\$7,359,755	[c] indicates Yield-to-Call was used.	

### Income Schedule (next 12 months)

### Principal Schedule

Month	Interest	Year	Principal	Year	Principal
June	\$6,047	2004	\$1,000,000	2008	\$1,000,000
July	\$11,896	2005	\$1,000,000	2009	\$1,000,000
August	\$14,396	2006	\$1,000,000	2010	\$1,000,000
September	\$42,833	2007	\$1,000,000	Total	\$7,000,000
October	\$20,646				
November	\$31,692				
December	\$5,958				
January	\$11,896				
February	\$19,396				
March	\$42,833				
April	\$20,646				
May	\$31,358				
Annual	\$259,597				

at .0185 interest earnings (current interest paid)

at .0185 interest earnings (current interest paid by PTILF) on \$7 million = \$129,500

Friday, May 02, 2003

This does not constitute an offer to sell or a solicitation of an offer to buy these securities. Fixed income issues are subject to prior sale and changes in price without notice. Call features may exist that could affect the maturing principal schedule and/or yield calculations. SECURITIES: NOT FDIC INSURED/NOT BANK GUARANTEED/MAY LOSE VALUE.

Wachovia Securities, Inc., Member New York Stock Exchange and SIPC and a separate, non-bank affiliate of Wachovia Corporation.



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**UTAH ASSOCIATION OF  
COUNTIES INSURANCE MUTUAL**

Financial Statements  
and  
Independent Auditors' Report

December 31, 2002 and 2001

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## UTAH ASSOCIATION OF COUNTIES INSURANCE MUTUAL

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## **UTAH ASSOCIATION OF COUNTIES INSURANCE MUTUAL**

Management's Discussion and Analysis

December 31, 2002

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### **COMPANY BACKGROUND**

Utah Association of Counties Insurance Mutual (the Mutual), was incorporated in December 1991 as a non-profit public agency insurance mutual under the mutual insurance statutes of the State of Utah as a self-insurance program to cover property and liability claims for counties who are members of the Mutual. All of the Mutual's business activities are conducted in the State of Utah.

Prior to January 1, 2003, the Mutual was a sponsored program of the Utah Association of Counties, which was the Administrator of the Mutual. The Bylaws and the Interlocal Cooperation Agreement of the Mutual both reflected this arrangement. After January 1, 2003, the status of the Mutual will change and it will no longer be administered by the Utah Association of Counties.

### **2002 Environment**

Insurance and reinsurance rates continued to harden in 2002, extending the trend that started before September 11, 2001, but which was exacerbated by the terrorist attack. The Mutual's fortunes are not entirely tied to the insurance marketplace, but the continuation of the hard market and resultant price pressures caused some design changes within the Mutual's program provisions, retentions, and excess or reinsurance purchases. The intent is to moderate the adverse effects of the insurance market cycle for the benefit of members.

### **Basic Financial Statements**

The basic financial statements are designed to provide readers with a broad overview of the Mutual's finances, in a manner similar to private-sector business.

The statements of net assets present information on all of the Mutual's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the Mutual is improving or deteriorating. Net assets increase when revenues exceed expenses. Increases to assets without a corresponding increase to liabilities results in increased net assets, which indicates an improved financial position.

The statements of revenues and expenses and changes in net assets present information showing how an agency's net assets changed during the fiscal year. All changes in net assets are reported as soon as the underlying event occurs, regardless of timing of related cash flows. The revenues and expenses are reported in this statement for some items that will only result in cash flows in future periods.

**UTAH ASSOCIATION OF COUNTIES INSURANCE MUTUAL**

Management's Discussion and Analysis

December 31, 2002

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FOR DISCUSSION PURPOSES ONLY**Notes to the Basic Financial Statements**

The notes provide additional information that is essential to a full understanding of the data provided in the basic financial statements.

The following discussion of the current financial position and condition of the Mutual by management is intended to supplement the basic financial statements and notes to basic financial statements.

**FINANCIAL POSITION****Assets**

Total assets at the end of 2002 were \$10,178,850.

The Mutual maintains a conservative investment policy. As a public entity, the Mutual must adhere to the Utah Money Management Act; therefore, all investments are exclusively in Utah Public Treasurer's Investment Fund, which has the lowest risk on any securities offered. All securities must be issued to the Mutual and held in our safe keeping account. Securities may not be held in brokerage accounts for any public agency governed by the Utah Money Management Act. The Mutual does not invest in common stocks or mortgages.

Short-term investments are on deposit with the Utah Public Treasurer's Investment Fund and are available on a daily basis to meet claims and expenses.

Premium income has historically covered the Mutual's needs for cash to pay claims and expenses. Management expects the positive cash flow to continue.

**Liabilities**

Aggregate reserves for losses and loss adjustment expenses are \$3,286,483, a decrease over last year of \$30,177. The reserves, according to our actuary, are reasonably conservative. Administrative expenses overall increased to provide for resources needed to process claims and provide administrative services.

**UTAH ASSOCIATION OF COUNTIES INSURANCE MUTUAL**

Management's Discussion and Analysis

December 31, 2002

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FOR DISCUSSION PURPOSES ONLY**Net Assets**

Net assets at December 31, 2002 have increased to \$6,275,342 as compared to \$5,693,351 at the end of 2001.

The Mutual has purchased specific and aggregate reinsurance coverage. The agreements provide for liability insurance in excess of a \$250,000 self-insured retention and property and crime insurance in excess of a \$150,000 self-insured retention up to an aggregate loss limit. The Mutual has purchased reinsurance to protect against losses above these limits.

**RESULTS OF OPERATIONS****Revenues**

Revenue of approximately \$3.9 million in 2002 increased \$210,794 from primarily because of an increase in premium and a reimbursement from the Utah Association of Counties.

**Benefits and Expenses**

Expenses increased \$872,994 in 2002 primarily due to an increase of \$592,640 in loss and loss adjustment expenses and 229,513 in reinsurance expense.

**Investments**

The Mutual invests exclusively in the Public Treasurers' Investment Fund. Because the Federal Reserve lowered their rates so drastically during 2002, our rate of return decreased dramatically as well. The total investment income the year ended 2002 was \$231,873.

**Change in Net Assets**

Change in net assets for 2002 was \$581,991, a decrease over change in net assets for 2001 of \$1,244,191. The decrease was mainly due to the increase in loss and loss adjustment expenses and the decrease in investment income mentioned above.

Claims are expected to continue to grow in line with the risk associated with the liability business. Increased risk management efforts can offset increase in claims, but the occasional adverse year can and will occur.

**UTAH ASSOCIATION OF COUNTIES INSURANCE MUTUAL****Management's Discussion and Analysis****December 31, 2002****CASH FLOW AND LIQUIDITY****DRAFT COPY**  
FOR DISCUSSION PURPOSES ONLY**Liquidity**

All of the Mutual's assets are invested in a political subdivision of the State of Utah, in the Utah Public Treasurer's Fund. All investments are reviewed quarterly by the State Auditor's Office. All assets are readily available to meet our foreseeable business needs.

Currently the market value of our portfolio is \$10,050,290 as reported in the accompanying basic financial statements.

**Cash Flow**

The Mutual's primary sources of funds are premium income and investment income. The primary uses of funds are claims and general expenses.

There are no known demands for cash that will likely cause material changes in the cash flow pattern.

**Capital Expenditures**

There were no capital expenditures in 2002.

**Expected Trends**

The budget for the year 2003 has been approved by the Board of Directors and reflects no change in net assets. Total income is budgeted at 6% over 2002 total income. Total benefits and expenses are budgeted at 48% over 2002 total benefits and expenses.

**Board Policies and Management Practices**

The Board of Directors of the Mutual currently requires that audits, conducted by independent outside firms, be performed on an annual basis. The 2002 audit schedule included two actuarial loss reserve analyses and a financial audit.

**UTAH ASSOCIATION OF COUNTIES INSURANCE MUTUAL**  
Management's Discussion and Analysis  
December 31, 2002

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**Opinion**

The preceding Management's Discussion and Analysis provides an assessment of the financial position, results of operations, and cash flow and liquidity for the fiscal year ended December 31, 2002, as reported in the 2002 Annual Report. Representations made herein are those of management according to the best of their knowledge and belief.

This financial report is designed to provide a general overview of the Mutual's finances for all those with an interest in its finances. Questions concerning any of the information provided in this report or request for additional financial information should be addressed to the Mutual Director, UAC Insurance Mutual, 5397 South Vine, Murray, UT 84107.

Dated: April 9, 2003

/s/ **Lester J. Nixon**  
Director

**INDEPENDENT AUDITORS' REPORT****DRAFT COPY**  
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The Board of Trustees  
**Utah Association of Counties Insurance Mutual**

We have audited the accompanying basic financial statements of **Utah Association of Counties Insurance Mutual** as of December 31, 2002 and 2001, and for the years then ended, listed in the foregoing table of contents. These basic financial statements are the responsibility of the Mutual's management. Our responsibility is to express an opinion on these basic financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe our audits provide a reasonable basis for our opinion.

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the financial position of **Utah Association of Counties Insurance Mutual** as of December 31, 2002 and 2001, and the results of its operations and its cash flow for the years then ended in conformity with accounting principles generally accepted in the United States of America.

As described in Note 1 to the basic financial statements, the Mutual adopted Governmental Accounting Standards Board Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*, in fiscal year 2002, effective January 1, 2001. Accordingly, the fiscal year 2001 basic financial statements have been restated.

The Management's Discussion and Analysis is not a required part of the basic financial statements of the Mutual, but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

Our audits were made for the purpose of forming an opinion on the basic financial statements taken as a whole. The accompanying financial information as listed under the heading of Required Supplementary Information in the accompanying table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements of the Mutual, but is supplementary information required by the Governmental Accounting Standards Board.

In accordance with *Government Auditing Standards*, we have also issued our report dated March 5, 2003, on our consideration of the Mutual's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, and contracts. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audits.

Sandy, Utah  
March 5, 2003

**UTAH ASSOCIATION OF COUNTIES INSURANCE MUTUAL**

Statements of Net Assets  
December 31, 2002 and 2001

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**ASSETS**

	<u>2002</u>	<u>2001</u>
<b>Current assets:</b>		
Cash and cash equivalents	\$ 10,050,290	\$ 9,658,906
Administration fee reimbursement receivable	124,586	-
Accounts receivable	3,974	315
<b>Total current assets</b>	<u>10,178,850</u>	<u>9,659,221</u>
<b>Total assets</b>	<u>\$ 10,178,850</u>	<u>\$ 9,659,221</u>

**LIABILITIES AND NET ASSETS**

<b>Current liabilities:</b>		
Reserves for losses and loss adjustment expenses	\$ 3,286,483	\$ 3,316,660
Accounts payable	1,180	1,130
Pass through premiums	3,974	-
Premiums paid in advance	611,871	648,080
<b>Total current liabilities</b>	<u>3,903,508</u>	<u>3,965,870</u>
<b>Total liabilities</b>	<u>3,903,508</u>	<u>3,965,870</u>
<b>Net assets:</b>		
Contributed capital	2,233,303	2,233,303
Unrestricted	4,042,039	3,460,048
<b>Total net assets</b>	<u>6,275,342</u>	<u>5,693,351</u>
<b>Total liabilities and net assets</b>	<u>\$ 10,178,850</u>	<u>\$ 9,659,221</u>

The accompanying notes to financial statements  
are an integral part of these statements.



**UTAH ASSOCIATION OF COUNTIES INSURANCE MUTUAL****Statements Revenues, Expenses, and Changes in Net Assets****For the Years Ended December 31, 2002 and 2001****DRAFT COPY**  
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	<b>2002</b>	<b>2001</b>
<b>Income:</b>		
Premiums and other considerations	\$ 3,505,736	\$ 3,222,871
Investment income	231,873	432,139
Administration fee reimbursement	124,586	-
Miscellaneous income	5,877	2,268
<b>Total Income</b>	<b>3,868,072</b>	<b>3,657,278</b>
<b>Benefits and expenses:</b>		
Losses and loss adjustment expenses	1,516,542	923,902
Reinsurance expense	1,100,244	870,731
Brokerage expenses	80,000	105,000
Administration fees	494,804	446,815
Professional fees	46,182	35,805
Other expenses	48,309	30,834
<b>Total benefits and expenses</b>	<b>3,286,081</b>	<b>2,413,087</b>
<b>Change in net assets</b>	<b>581,991</b>	<b>1,244,191</b>
Net assets, beginning of year	5,693,351	4,449,160
<b>Net assets, end of year</b>	<b>\$ 6,275,342</b>	<b>\$ 5,693,351</b>

The accompanying notes to financial statements  
are an integral part of these statements.



**UTAH ASSOCIATION OF COUNTIES INSURANCE MUTUAL**

Statements of Cash Flows  
For the Years Ended December 31, 2002 and 2001

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	<u>2002</u>	<u>2001</u>
<b>Cash flows from operating activities:</b>		
Premiums collected	\$ 3,469,527	\$ 3,614,715
Reinsurance paid	(1,100,244)	(870,731)
Amounts withheld for others	6,192	1,511
Losses and loss adjustment expenses paid	(1,546,719)	(1,355,366)
Operating expenses paid	<u>(669,245)</u>	<u>(647,654)</u>
<b>Net cash provided by operating activities</b>	<u>159,511</u>	<u>742,475</u>
<b>Cash flows from financing activities:</b>		
Interest on investments	<u>231,873</u>	<u>432,139</u>
<b>Net cash provided by financing activities</b>	<u>231,873</u>	<u>432,139</u>
<b>Net increase in cash and cash equivalents</b>	<b>391,384</b>	<b>1,174,614</b>
Cash and cash equivalents at beginning of period	<u>9,658,906</u>	<u>8,484,292</u>
<b>Cash and cash equivalents at end of period</b>	<u><b>\$ 10,050,290</b></u>	<u><b>\$ 9,658,906</b></u>

The accompanying notes to financial statements  
are an integral part of these statements.

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**Reconciliation of change in net assets to net cash used in operating activities:**

Change in net assets	<u>\$ 581,991</u>	<u>\$ 1,244,191</u>
<b>Adjustments to reconcile net income to net cash provided by operating activities</b>		
Interest received on investments	(231,873)	(432,139)
<b>Changes in assets and liabilities:</b>		
(Increase) decrease in accounts receivable	(3,659)	4,722
Increase in administration fees receivable	(124,586)	-
Decrease in prepaid expenses	-	7,000
Decrease in reserves for estimated liabilities	(30,177)	(436,501)
Increase in pass through premium	3,974	-
Increase (decrease) in accounts payable	50	(36,642)
Increase (decrease) in premiums paid in advance	<u>(36,209)</u>	<u>391,844</u>
<b>Total adjustments</b>	<u>(422,480)</u>	<u>(501,716)</u>
<b>Net cash flows provided by operating activities</b>	<u><u>\$ 159,511</u></u>	<u><u>\$ 742,475</u></u>

**UTAH ASSOCIATION OF COUNTIES INSURANCE MUTUAL****Notes to Statutory Financial Statements****1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES****DRAFT COPY**  
FOR DISCUSSION PURPOSES ONLY**Nature of Operations**

Utah Association of Counties Insurance Mutual (the Mutual), was incorporated in December 1991 as a non-profit public agency insurance mutual under the mutual insurance statutes of the State of Utah as a self-insurance program to cover property and liability claims for counties who are members of the Mutual. All of the Mutual's business activities are conducted in the State of Utah.

**Accounting Principles**

These financial statements are presented in accordance with accounting principles generally accepted in the United States of America (GAAP) and standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. The Mutual adopted Governmental Accounting Standards Board Statement No. 34, *Basic Financial Statements - and Management Discussion and Analysis - for State and Local Governments* (GASB Statement 34), in fiscal year 2002, effective January 1, 2001. Accordingly, the fiscal year 2001 basic financial statements have been restated to conform to GASB Statement 34. With the implementation of GASB Statement 34, the Mutual has prepared required supplementary information titled 'Management's Discussion and Analysis' which precedes the basic financial statements, has prepared a balance sheet classified between current and noncurrent assets and liabilities, has categorized net assets as invested in capital assets and unrestricted, and has prepared the statements of cash flows on the direct method.

**Use of Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual amounts could differ from these estimates.

Significant estimates of the Mutual include the reserves for losses and loss adjustment expenses.

**Financial Statement Reclassification**

Certain amounts in the prior periods presented have been reclassified to conform to the current period financial statement presentation. These reclassifications have no effect on previously reported changes in net assets.

# UTAH ASSOCIATION OF COUNTIES INSURANCE MUTUAL

## Notes to Statutory Financial Statements

### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### Cash and Cash Equivalents

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For purposes of the statement of cash flows, the Mutual considers all highly liquid debt instruments with maturities of three months or less to be cash equivalents. Therefore, the investment in Utah Public Treasurers' Fund and cash on deposit are considered to be cash equivalents.

Cash and cash equivalents at December 31, 2002 and 2001 included the following:

	<u>2002</u>	<u>2001</u>
Cash on deposit	\$ 55,946	\$ 601,408
Utah Public Treasurer's Investment Fund - held by the Mutual	9,994,344	7,057,498
Utah Public Treasurer's Investment Fund - held jointly with the State of Utah	-	2,000,000
<b>Total cash and cash equivalents</b>	<b><u>\$ 10,050,290</u></b>	<b><u>\$ 9,658,906</u></b>

The Mutual is required to follow the requirements of the Utah Money Management Act, Section 57-7, *Utah Code Annotated, 1953*, as amended, in handling its depository and investment transactions. This law requires that investment transactions be conducted through qualified depositories and stipulates the types of securities allowable as acceptable investment transactions. Management believes the Mutual was in compliance with the Utah Money Management Act during the years ended December 31, 2002 and 2001.

#### Reserves for Losses and Loss Adjustment Expenses

The reserves for losses and loss adjustment expenses include an amount determined from individual case estimates and loss reports and an amount based on past experience for losses incurred but not reported. Such liabilities are necessarily based on assumptions and estimates and while management believes that amounts are adequate, the ultimate liability may be in excess of or less than the amount provided. The methods for making such estimates and for establishing the resulting liability are continually reviewed and any adjustments are reflected in the period determined.

**UTAH ASSOCIATION OF COUNTIES INSURANCE MUTUAL****Notes to Statutory Financial Statements****1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)****DRAFT COPY**  
FOR DISCUSSION PURPOSES ONLY**Income Taxes**

The Mutual is exempt from the payment of income taxes under Section 115 of the Internal Revenue Code.

**Premiums**

Substantially all policies have a common annual renewal date of January 1. Premiums written are earned on a daily pro rata basis over the policy term.

The Mutual did not have unearned premium as of the years ended December 31, 2002 and 2001, and, as a result, did not establish an unearned premium reserve.

**2. INVESTMENTS IN UTAH PUBLIC TREASURERS' INVESTMENT FUND (PTIF)**

The Public Treasurers' Investment Fund (PTIF) is a pooled investment fund enabling public agencies to benefit from the higher yields offered on large denomination securities. The PTIF is similar in nature to a money market fund, but is subject to the Money Management Act and Rules of the Money Management Council. The PTIF invests in corporate debt, U.S. Agency notes, certificates of deposit and commercial paper. The maximum final maturity of any security invested in by the PTIF is limited to five years. The maximum weighted average life of the portfolio is limited to 90 days. There is no maturity date on an insurer's investment in the PTIF. PTIF deposits are not insured or otherwise guaranteed by the State of Utah. Participants in the PTIF pay an administrative charge on an annual basis based on the average account balance. The PTIF is operated as a service to local governments and does not generate a profit to the Utah State Treasurer. The investment in PTIF totaled **\$9,994,344** and **\$9,057,498** for the years ended December 31, 2002 and 2001, respectively.

**3. NET INVESTMENT INCOME**

Due to the nature of investments, there are no direct investment expenses and no general expenses have been allocated to investments in these statements.

**UTAH ASSOCIATION OF COUNTIES INSURANCE MUTUAL****Notes to Statutory Financial Statements****DRAFT COPY**  
FOR DISCUSSION PURPOSES ONLY**4. RESTRICTED INVESTMENTS**

As of December 31, 2001, \$2,000,000 was held jointly with the Utah Insurance Commissioner in the Utah Public Treasurers' Investment Fund. All monies transferred to the Pool are promptly invested in securities authorized by the State Money Management Act. On July 1, 2002, the Utah Insurance Commissioner released the funds back to the Mutual because of the Public Agency Mutual Amendment (Senate Bill 48) signed by the Governor of the State of Utah on March 15, 2002.

**5. INTEREST RATES**

The interest rates for assets held with the Utah Public Treasurers' Investment Fund were 2.06% and 2.55% for the years ended December 31, 2002 and 2001, respectively.

**6. RELATED PARTY TRANSACTIONS**

The Mutual had an agreement with Utah Association of Counties (the Association) to provide administrative services. Administrative expenses included reimbursement of salaries, loss control services and rent of office space under this agreement. Administrative expenses were \$494,804 and \$446,815 for the years ended December 31, 2002 and 2001, respectively.

As of December 31, 2002, amounts receivable from the Association for reimbursement of administrative fees totaled \$124,586.

**7. CONTINGENCIES**

The Mutual is subject to litigation from the settlement of claims contested in the normal course of business. The losses from the actual settlement of such unknown claims are taken into consideration in the computation of the estimated unpaid loss and loss adjustment expense liabilities.

**UTAH ASSOCIATION OF COUNTIES INSURANCE MUTUAL****Notes to Statutory Financial Statements****DRAFT COPY**  
FOR DISCUSSION PURPOSES ONLY**8. REINSURANCE**

The Mutual has purchased specific and aggregate reinsurance coverage. The agreements provide for liability insurance in excess of a \$250,000 self-insured retention and property and crime insurance in excess of a \$150,000 self-insured retention up to an aggregate loss limit. The Mutual has purchased reinsurance to protect against losses above these limits.

Estimated claims loss liabilities are stated net of estimated losses applicable to reinsurance ceded to other insurance companies. However, the Mutual is contingently liable for those amounts in the event such companies are unable to pay their portion of the claims.

**Unsecured Reinsurance Recoverables**

The Company does not have an unsecured aggregate recoverable for losses, paid and unpaid including IBNR, loss adjustment expenses and unearned premium with and individual reinsurers, authorized or unauthorized, that exceeds 3% of the Mutual's policyholder surplus.

**Reinsurance Recoverable in Dispute**

The Company does not have any disputed balances or uncollectible funds.

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## **REQUIRED SUPPLEMENTARY INFORMATION**



**UTAH ASSOCIATION OF COUNTIES INSURANCE MUTUAL****Statement of Revenues, Expenses and Changes in Net Assets -  
Budget and Actual****For the Year Ended December 31, 2002****DRAFT COPY**  
FOR DISCUSSION PURPOSES ONLY

	<u>Original Budgeted Amounts</u>	<u>Final Amended Budget</u>	<u>Actual Amounts</u>	<u>Variance</u>
<b>Income:</b>				
Written premium	\$ 3,576,825	\$ 3,612,410	\$ 3,505,736	\$ (106,674)
Investment income	300,000	225,000	231,873	6,873
Administration fee reimbursement	-	-	124,586	124,586
Miscellaneous income	-	-	5,877	5,877
<b>Total Income</b>	<u>3,876,825</u>	<u>3,837,410</u>	<u>3,868,072</u>	<u>30,662</u>
<b>Benefits:</b>				
Reinsurance	1,064,659	1,100,244	1,100,244	-
Losses	1,094,593	1,017,475	563,703	453,772
Loss adjustment expenses	988,367	918,732	952,839	(34,107)
<b>Total benefits</b>	<u>3,147,619</u>	<u>3,036,451</u>	<u>2,616,786</u>	<u>419,665</u>
<b>Administration expenses:</b>				
Brokerage commissions	80,000	80,000	80,000	-
Pool administration	494,804	494,804	494,804	-
Professional fees	30,255	47,000	46,182	818
Other expenses	31,300	50,000	48,309	1,691
<b>Total administration expenses</b>	<u>636,359</u>	<u>671,804</u>	<u>669,295</u>	<u>2,509</u>
<b>Change in net assets</b>	<u>92,847</u>	<u>129,155</u>	<u>581,991</u>	<u>452,836</u>
<b>Net assets, beginning of year</b>	<u>5,693,351</u>	<u>5,693,351</u>	<u>5,693,351</u>	<u>-</u>

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## UTAH ASSOCIATION OF COUNTIES INSURANCE MUTUAL

### Premiums and Loss Development Information

The following table compares the Mutual's earned revenues net of reinsurance and investment income to related costs of losses and loss adjustment expenses, net of reinsurance, assumed by the Mutual. The table is defined as follows: (1) show each year's net earned premiums, other operating revenues and interest income, (2) shows each year's other operating expenses including overhead and loss adjustment expenses not allocable to specific claims, (3) show incurred losses and allocated loss adjustment expenses (both paid and accrued) as originally reported at the end of the first year in which the event that triggered coverage under the contract occurred, (4) shows the cumulative amounts paid as of the end of successive years for each accident year, (5) shows how each coverage year's incurred losses increased or decreased as of the end of the successive years: this annual reestimation results from new information received on known claims, reevaluation of existing information on known claims, and emergence of new claims, (6) compares the latest reestimated incurred loss amounts to the amounts originally established. Mutual information is only available in the format shown below for the years presented.

	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>
(1) Earned premiums, other operating operating revenues and investment revenues, net of reinsurance	2,760	2,652	2,891	2,787	2,768
(2) Unallocated expense	215	253	224	224	233
(3) Estimated incurred claims, both paid and accrued, end of accident year	1,558	1,530	1,580	1,715	1,565
(4) Paid (cumulative) as of:					
End of accident year	592	480	334	304	510
One year later	794	744	467	965	-
Two years later	890	931	583	-	-
Three years later	1,176	1,024	-	-	-
Four years later	1,276	-	-	-	-
(5) Reestimated incurred losses and expenses:					
End of accident year	1,558	1,530	1,581	1,714	1,918
One year later	1,558	1,531	1,183	2,054	-
Two years later	1,480	1,530	994	-	-
Three years later	1,395	1,496	-	-	-
Four years later	1,344	-	-	-	-
(6) Increase (decrease) in estimated incurred losses and expenses from end of accident year	(214)	(34)	(587)	340	-

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## **OTHER INDEPENDENT AUDITORS' REPORTS**

**Independent Auditors' Report on Compliance and on  
Internal Control Over Financial Reporting Based Upon the Audit Performed in  
Accordance with Government Auditing Standards**

The Board of Directors  
**Utah Association of Counties Insurance Mutual**

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FOR DISCUSSION PURPOSES ONLY

We have audited the financial statements of **Utah Association of Counties Insurance Mutual** as of and for the year ended December 31, 2002, and have issued our report thereon dated March 5, 2003.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Compliance**

As part of obtaining reasonable assurance about whether **Utah Association of Counties Insurance Mutual's** financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered **Utah Association of Counties Insurance Mutual's** internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reported and its operation that we consider to be material weaknesses.

**Utah Association of Counties Insurance Mutual**

March 5, 2003

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This report is intended solely for the information and use of the board of directors and management of **Utah Association of Counties Insurance Mutual** and the State Auditor's Office and is not intended to be and should not be used by anyone other than these specified parties.

Sandy, Utah  
March 5, 2003

**Independent Auditors' Report on State Legal Compliance**

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FOR DISCUSSION PURPOSES ONLY

The Board of Directors  
**Utah Association of Counties Insurance Mutual**

We have audited the financial statements of **Utah Association of Counties Insurance Mutual** as of and for the year ended December 31, 2002, and have issued our report thereon dated March 5, 2003. As part of our audit, we have audited **Utah Association of Counties Insurance Mutual's** compliance with the requirements governing types of services allowed or unallowed; eligibility; matching; level of effort, or earmarking; reporting; special tests and provisions applicable to each of its major State assistance programs as required by the State of Utah Legal Compliance Audit Guide for the year ended December 31, 2002. The Mutual received no funding from major State assistance programs from the State of Utah.

Our audit also included test work on the Mutual's compliance with those general compliance requirements identified in the State of Utah Legal Compliance Audit Guide, including:

- Cash management
- Purchasing requirements
- Budgetary compliance
- Special districts
- Other general issues

The management of **Utah Association of Counties Insurance Mutual** is responsible for the Mutual's compliance with all compliance requirements identified above. Our responsibility is to express an opinion on compliance with those requirements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether material noncompliance with the requirements referred to above occurred. An audit includes examining, on a test basis, evidence about the Mutual's compliance with those requirements. We believe that our audit provides a reasonable basis for our opinion.

The Board of Directors  
**Utah Association of Counties Insurance Mutual**  
March 5, 2003  
Page 2

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The results of our audit procedures disclosed no instances of noncompliance with the requirements referred to above.

In our opinion, **Utah Association of Counties Insurance Mutual**, complied, in all material respects, with the general compliance requirements identified above and the requirements governing types of services allowed or unallowed; eligibility; matching, level of effort, or earmarking; reporting; and special tests and provisions that are applicable to each of its major State assistance programs for the year ended December 31, 2002.

Sandy, Utah  
March 5, 2003





## LEGISLATIVE UPDATE

BILL NO.	TITLE	SUMMARY	EFF. DATE
HB 122S2	Local Government Amendments	This act modifies municipal and county land use development and management provisions to eliminate the requirement of planning commission review of certain actions with respect to public lands or facilities. The act expands the kinds of municipal and county decisions that are subject to judicial review within a specified time. The act requires counties and municipalities to provide reasonable notice and an opportunity for public comment before disposing of a significant parcel of real property.	5/05/03
HB 160	Emergency Health Response Amendments	This act amends professional licensing provisions, the powers and duties of local health departments, and provisions related to immunity from liability for governmental entities and certain professionals. The act establishes exceptions to certain licensing standards when a national, state or local emergency is declared. The act amends certain prescription drug dispensing rules when emergencies are declared. The act authorizes local departments of health to investigate suspected bioterrorism and diseases and to provide public health assistance in a declared emergency. The act provides limited immunity from civil damages for governmental entities and certain health professionals responding to a declared emergency. This act has an immediate effective date.	2/18/03
HB 172	Background Investigations of Peace Officer Candidates	An act modifying the Public Safety Code by adding provisions regarding thorough background investigations of applicants to be law enforcement officers or to be accepted at an officer training academy. This act provides that employers of the applicant are to provide employment history to the law enforcement agency or academy if the procedures required in this act are followed. This act also protects employers from civil liability if they provide background information to the law enforcement agency or academy. The act require that the information be confidential, and limits use by law enforcement agencies and training academies. This act also provides for an implementation date for these provisions.	5/05/03
HB 273	Utility Costs to Homeowner	This act modifies the Utah Municipal Code and provisions relating to special districts and local districts to prohibit a municipality, as special district, and a local district from refusing to furnish water to property based on an arrearage from a previous owner or from collecting a previous owner's arrearage from the current owner. The act authorizes special districts and local districts that own or control a water system to discontinue providing water is the property owner fails to pay for water previously furnished. The act also makes technical changes.	5/05/03
HB 280	Motor Vehicle Accidents – Access to Police Reports	This act modifies the Motor Vehicles Code by amending accident report disclosure provisions. This act requires the responsible law enforcement agency employing the investigating officer to disclose the accident report and upon written request any accompanying data within ten days of the receipt of a written request, unless the disclosure interferes with an ongoing criminal investigation or criminal prosecution. This act allows the Department of Public Safety and the responsible law enforcement agency employing the investigating peace officer to charge a reasonable fee for the cost incurred in disclosing an accident report or any of its accompanying data. "Accompanying data" means all materials gathered by the investigating peace officer in an accident investigation including: (i) the identity of witnesses and, if know, contact information; (ii) witness statements; (iii) photographs and videotapes; (iv) diagrams; and (v) field notes.	5/05/03

## LEGISLATIVE UPDATE

BILL NO.	TITLE	SUMMARY	EFF. DATE
SB 48	Forced Entry to Make Arrest	This act modifies the code of Criminal Procedure by amending provisions regarding when and how forcible entry may be made to affect an arrest. The amendments reflect rulings in two U.S. Supreme Court decisions.	5/05/03
SB 74S1	Amendments to Interlocal Cooperation Act	This act modifies the Interlocal Cooperation Act to specify matters that can be the subject of an interlocal agreement between two or more public agencies. The act modifies provisions relating to the approval of certain agreements and imposes additional requirements on agreements that are required to be approved by a public agency's legislative body. The act provides for the powers, immunities, and privileges of law enforcement officers performing duties under an interlocal agreement for law enforcement services. The act expands the entities with which a political subdivision may share its revenues. The act enacts provisions relating to the status of employees of public agencies who perform duties under an interlocal agreement with another public agency. The act also makes technical changes.	5/05/03
SB 121	Federal Health Insurance Portability and Accountability Act compliance Amendments	This act modifies the Government Records Access and Management Act and the Judicial Code. The act amends provisions relating to the right to access and copy patient medical records. The act amends state laws to bring them into compliance with federal patient privacy laws enacted in the Health Insurance Portability and Accountability Act. The act has an immediate effective date (see SB202).	3/15/03
SB 136	Guilty and Mentally Ill Sentencing Amendments	This act modifies the Code of Criminal Procedure by providing that in specified circumstances a defendant found to be guilty and mentally ill may be sentenced to a county jail. This act also clarifies existing language regarding procedure.	5/05/03
SB 164	County Amendments	This act modifies provisions relating to Counties. Among other things, the act modifies county powers relating to the acquisition of real and personal property. The act prohibits the recording of a certified copy of a document in the office of the county recorder who issues the certified copy. The act authorizes county recorders and surveyors to establish procedures and guidelines for accepting documents electronically. The act modifies notarial seal requirements. The act modifies provisions relating to fidelity bonds and authorizes the acquisition of theft or crime insurance for county officials.	5/05/03
SB 180S2	Emergency Medical Services	This act modifies the Health Code. The act modifies the Utah Emergency Medical Services System Act. The act permits ambulance and paramedic license applicants who have met the Department of Health's minimum requirements and standards to enter into a competitive bid process to provide services to local governments for 911 ambulance and paramedic calls. The act permits local governments in counties of the first and second class to select a license applicant through an open procurement process. The act requires a local government that elects to use the bid process to consider certain factors when selecting a provider. The act requires the department to issue a license to the applicant selected by a local government except in certain limited circumstances. The act makes other technical and conforming amendments. This act takes effect January 1, 2004. This act has a coordinating clause.	1/01/04

## LEGISLATIVE UPDATE

BILL NO.	TITLE	SUMMARY	EFF. DATE
SB 191	County Oversight of Local Authorities for Human Services	This act modifies provisions related to Special Districts. The act shifts, in certain counties, the responsibilities associated with local mental health authorities and local substance abuse authorities from the county legislative body to the county executive. The act clarifies that counties may jointly provide mental health services and substance abuse services through an interlocal agreement. The act provides for the designation of officers for combined local mental health or substance abuse authorities and for the adoption of policies for the combined authorities. The act expands the records that a contract provider is required to make available for inspections and expands those who may inspect those records. The act expands mental health and substance abuse services to include those for incarcerated persons. The act modifies the oversight responsibility of a local mental health or substance abuse authority over contract providers and their employees. The act provides a coordination clause.	5/05/03
SB 202	Peace Officer Amendments	This act modifies the Government Records Access and Management Act regarding private information by providing that peace officers in specified classifications are "at-risk government employees" regarding specified personal information.	7/01/03
SB 204S1	Government Employees - Pay for United States Armed Forces or National Guard Service Time	This act allows county and municipal employees to be compensated up to full pay for up to 15 days of military deployment per year.	5/05/03
SB 214	Uninsured and Underinsured Motorist Amendments	This act modifies the Insurance Code by amending uninsured and underinsured motorists provisions. This act allows self-insurers to provide uninsured and underinsured motorist coverage in amounts that are less than their maximum self-insured retention by issuing a statement that declares the coverage level and the process for filing a claim. This act makes technical changes.	5/05/03
SB 225S1	Limitation of Judgments Against Government Entities	This act modifies the Judicial Code by establishing limits on judgments that may be awarded against government entities. It was passed in response to issues raised in <i>Laney v. Fairview City</i> . The size of damage judgments capped by this act apply "regardless of whether or not the function which gave rise to the injury/damage is characterized as governmental or proprietary." It also establishes a mechanism for adjusting the amount of those limitations for inflation. This act provides a sunset date of 12/31/04.	5/05/03



**REQUEST  
FOR  
PROPOSALS:  
RISK MANAGEMENT  
INFORMATION SYSTEM  
OR ALTERNATIVES**

**Submittal Deadline:  
August 15, 2003**

**Prepared by:**

**UAC Insurance Mutual  
5397 South Vine Street  
Salt Lake City, Utah 84107  
Telephone 801-293-3098  
Fax 801-293-3480  
[www.uacim.org](http://www.uacim.org)**

## Section I. Overview

### A. Background

UAC Insurance Mutual (the "Mutual" or the "Pool" hereinafter) is a risk-sharing property and casualty pool organized under the Utah Interlocal Cooperation Act and is made up of 26 of the 29 counties in Utah. The Mutual is considering moving responsibility for claims management and administration to a new in-house adjusting staff.

UAC Insurance Mutual is soliciting proposals for Risk Management Information Systems which at a minimum will support in-house claims adjusting. The Mutual also encourages Application Service Providers (ASP) and other "nonstandard" RMIS providers to submit proposals. The Mutual will consider any combination of purchase, lease, and/or periodic charges.

Claims have been handled by VeriClaim, or its predecessors, since the founding of the Mutual in 1992. VeriClaim has approximately 3,500 files on its Pyramid system.

The approximate totals for the present use of the existing RMIS are:

Unit	# of Employees Handling Claims	Average # of Open Claims	# of Claims on System
Liability	2	180	3,500

As many as 3 employees may use the system at any given time, with an average of 2 employees using the system throughout the day, with a minimum of two printers. The system may also be used to track certificates of insurance (approximately 20 per month).

### B. Statement of Purpose

UAC Insurance Mutual objectives for an RMIS must meet the following criteria. A system that will:

1. Consistently and easily allow adjusters and their support staff to enter desired data files and relevant notations to document claim activity, to quickly move in and out of screens and files, to provide easy access to financial transactions (including check writing) used in an in-house liability claims operation.
2. Provide quick access to claim information data, both standard and adhoc reporting, certificates of insurance, and risk management oriented information on status and data contained therein.
3. Be easily maintained by Pool staff, obviously lay computer experts.
4. Be operational 99% of the time and be easy to service.
5. Allow adjusters to transition from one claim to another without multiple changes in computer menus to access that information.
6. Allow users to load and manipulate data that will provide for an analysis of losses, history of losses, financial information, and historical comparison of losses.
7. Have the ability to link the department with new technologies and/or software such as scanning, PeopleSoft Human Resources Benefit and Payroll modules, and medical bill review companies.
8. Capable of modular additions to possibly include adding Utah Workers' Compensation, if such a pool were to be formed by the Mutual.



### C. Summary of Existing Software Functions

The day to day in-house liability claims functions are summarized as follows:

#### *Liability Functions:*

- Set up claims files (assigning file number, input necessary data)
- Close files (remove reserves, input bills)
- Reports (end of year, open and closed log, special reports, attorney billing summary, historical summaries)
- Bill paying (check for proper organization number referral, posting, inputting bills and payments)
- Reserving
- Coding
- Claims Listing (of all payments, reserves, etc.)

A new software program should, at minimum, be capable of performing these functions.

### **Section II. Risk Management Information System Product Features**

The following questions are to help us understand your product and to focus on our needs. A negative answer to whether you may have a particular function or feature may not exclude your company from being the most qualified vendor. Most of the responses are in a yes/no format. Clarification is necessary for questions wherein you do not yet have the product available but plan on it in the near future. In those cases, we would like firm dates and price quotes.

#### A. Vendor Information

1. Company Name
2. Address
3. Telephone
4. Contact name
5. How long have you been providing risk management software?
6. What is the size of your organization? Do you have a parent organization?
7. Attach your most recent Annual Report or other pertinent financial information.

#### B. General Product Information

1. List your current product names and version numbers.
2. How many customers are using each product?
3. How long have the products been available?
4. Provide a history of the product's software releases for the past three years.
5. How many employees are devoted to the development of the products?
6. How much money was spent on R & D over the last three years?
7. Are system enhancements included in the price of your product? How many enhancements on a contract-year basis, if any?

### C. Features and Functions

Features Available	Yes	No
1. Adjuster Diary		
2. Adjuster Notes		
3. Loss Control Reports		
4. Policy Reporting		
5. Ad hoc Reporting		
6. Email Interface		
7. Calendar		
8. Printout of all screens		
9. Is the system's Ad hoc report writing tied to the system's security?		
10. Does your system allow for accounting controls on reserves?		
11. Does the system produce a printout to show overpayment of reserves?		
12. Is there a field which describes a legal case?		
13. Is there a system that tracks claim settlements or awards?		
14. Can payments be made on a closed file?		
15. Can a claim be set up without a reserve?		
16. Can you select a claim and choose to get to another claim without having to exit to the main menu or between different accounts?		
17. Can your system print both checks and vouchers for multiple accounts, such as different fire departments?		
18. Can your system batch and print checks under several separate accounts?		
19. Does the system print a check register?		
20. Does your system have a bank reconciliation feature? (Does it indicate whether checks have cleared?)		
21. Can the system utilize historical data for current time comparisons? (For example, compare the last six months with each prior four years.)		
22. Is there a field where a brief description of how the loss occurred can be entered.		



23. Are correspondence letters linked to claim screen for viewing?
24. Does the system have the ability to scroll forward and backward within any particular on-line screen?
25. Can the system combine two or more codes, for purpose of printing one check?
26. Is there a mechanism for tracking the number of penalties paid by claim, adjuster, or amount paid?
27. Are reserves and diary entries automatically zeroed out when a file is closed?
28. Can losses be accessed by codes?
29. Does your system have a Certificate of Insurance tracking feature?
30. Will you guarantee response times for all online transactions of 2.0 seconds or less for direct connections to the main server?

30. Describe any additional product functions or features.

31. Describe the product security features.

32. What features do you plan to have in the future?

Description of Feature	Date Available	Price

33. What scanning systems are compatible with your product?

34. Does the system have the ability to import and export data easily in various formats?

Format	Yes	No
WordPerfect?		
MS Word?		
MS Excel?		
ASCII file formats?		
Other file transfer programs?		

35. Is the ability to import and export data dependent on the latest version of the above formats?  
Please describe.

36. Is each report selection linked to a selection screen which permits the user to narrow the range of data being reported?

37. Please describe your diary system and calendar function.

38. What are the normal procedures for navigating different screens within a claim?

39. Can you make ad hoc reports with any data on the system? If there are limitations, please describe.

40. In the case of recovery on subrogation, how is the adjustment made?

41. Describe the ways to do a claim search.

42. With which versions of Windows is your system compatible (3.1, 3.x, Windows and/or Windows NT)?

43. Please describe your litigation tracking feature. Can the system track billings per firm, defense and plaintiff costs per file, etc.?

#### D. Technical Information

1. What is the minimum hardware configuration (CPU, disk space, RAM, OS, monitor size, etc.)?
2. What is the recommended hardware configuration?
3. What programming language is the product written in?
4. Do you allow the option of purchasing source code and declining ongoing maintenance?
5. In what type of data base or files is the data stored?
6. Describe the backup and recovery procedures.
7. What is your strategy for providing access to and integration with NT servers, IBM mainframes, and databases?
8. Does the system have client server architecture? If so, please describe the client processes.
9. Does the system have the capability of tailoring different menus to different categories of users?

10. Does the ad hoc inquiry capability allow the user to develop, store, and recall for use the inquiries directory?
11. How many claims can be kept open at once on a user's screen?
12. When reports are running, does the user still have normal response from and access to the system?
13. How much computer storage space is required for a) the client b) the server?
14. Does the system have the ability to archive and restore old claims?
15. Are reserves and diary entries automatically zeroed out when a file is closed?

#### E. Training

1. Describe your initial user training program. Include scope, length of time, location.
2. What are the qualifications of the trainers?
3. Is additional training available for new employees or new releases?
4. Is on-going training available? If so, please describe?
5. Do you also provide video taped training?
6. Do you have a written training program available? Please describe.

#### F. Documentation

1. What manuals or documentation are provided with the product?
2. What is the procedure for updating the manuals?
3. What is the distribution method?
4. Will documentation that matches the operation of the software be available at the time of delivery?

#### G. Support

1. List the locations of the nearest support offices.
2. List by location the number of employees devoted to support of the product.
3. During what hours is support available? Is it included in the basic fee?
4. What is the experience level of the phone support personnel?
5. What are the problem management and escalation procedures?
6. What consulting support is available for the product (technical, functional, etc.)?
7. What are their ranges of experience and skill sets?
8. Is there a user group for the product(s)?
9. Provide a user group "name and contact telephone."
10. Is there an additional cost for service during other-than-normal business hours? Please explain.

#### H. Modifications and Enhancements

1. If a "bug" is discovered, how is it communicated to the users?
2. Are new manuals distributed with each release?

#### I. Conversion

1. Describe how you will handle the conversion process.
2. Do you have experience with converting Pyramid?

## J. References

1. What public entities and pools of similar scope are using your product(s)? Include company name, contact name, phone number, location, and description of usage.

## **Section III. Bid and Project Requirements**

### A. Requirements

Your response to this proposal must adhere to the following requirements:

1. Submit one original and two copies of the proposal signed by an individual authorized to contractually obligate your firm.
  - o The proposal must be received by August 3, 2003. Submissions should be addressed to Lester Nixon, Director, 5397 South Vine Street, Salt Lake City, UT 84107.
2. Any proposal received after closing time on the above-stated date will be rejected.

Your response should be in the following format:

Part 1 - Introduction to your company and product

Part 2 - Features, functions, technical information, training, documentation, support and modification

Part 3 - References

Part 4 - Pricing (see Section IIIC)

Proposals longer than 30 pages in length will be disqualified.

The Mutual reserves the right to reject any and all proposals, or to waive any irregularities in any proposal or the proposal procedures. Please note that the proposals, not the bid, are requested. Although price is a factor in selecting the successful contractor, the ability of the firm to provide services which meet the objectives of UAC Insurance Mutual will be strongly considered.

### B. Calendar of Events

Listed below are important dates by which action must be taken or completed.

Action	Date (approximately)
Issue RFP	5-15-03
Proposals due	8-15-03
Review by Committee	9-1-03
Award of contract	9-15-03
Product implementation	1-1-03

## C. Cost Proposal

### *Introduction*

Submit the purchase cost of the software and associated hardware. (Hardware bid optional.) Also include the cost for maintenance as well as other costs the Vendor will charge or pass through the Pool. Prices quoted shall be valid for at least six (6) months following the proposal submission deadline.

**All cost proposals should be entered on the Cost Proposal Sheet.**

### *Cost Definitions*

Costs must be detailed for the following categories:

#### *Purchase Costs*

Software Purchase costs are those costs that will be charged to the Mutual for software licenses. Licensing costs are those costs that would be paid based upon the number of users connected to the system. It should also include future costs based upon changes in the number of users. Any special discounts offered by the Vendor should be reflected in the appropriate unit purchase costs.

Also, please provide costs for hardware, including printers. The Mutual retains the option to purchase these separately.

#### *Upgrade Costs*

Upgrade costs are for upgrades or revisions to software made after the initial installation of the system.

#### *Maintenance Costs*

Software maintenance costs are those costs for software maintenance. Specify unit costs and the period of time for which they apply, extending out for five years. Provide a specific list of what is included and not included in the maintenance costs (for software and hardware).

#### *Technical Support Costs*

Technical support costs are those costs which are projected to be paid by the Mutual on a one-time or recurring basis for technical support services. Provide a specific list of the services that will be provided and not provided in the support costs.

#### *Documentation and Training Costs*

Itemize the cost for the initial application training as well as training for upgrades. Vendors may quote an hourly rate for such services if no contract price is available.

### *Other Costs*

One-time costs are those costs paid by the Mutual for material and services necessary for the acquisition and implementation of the Vendor equipment. One-time costs include:

Hourly Rate: Rate for additional technical support.

Conversion Costs: All costs chargeable to the Mutual for services or materials necessary to convert current data to the proposed configuration, and all costs incurred by the County to support the conversion effort.

Other Costs: All other costs, not itemized above, which will be chargeable to the Mutual, must be listed.

### *Taxes*

All taxes owed by the Mutual from which it is not exempt. The Mutual is exempt from Utah sales tax.

### D. Basis of Award

The criteria for the evaluation of the bids will include, but will not be limited to:

1. Determination of acceptability of technical requirements (which includes software and support) 50%
2. Determination of acceptability of costs 30%
3. Determination of acceptability of experience and references 10%
4. Determination of compliance to the Request for Proposal requirements 10%

### E. Project Control and Schedule

The project involves the installation, conversion, testing, training, and necessary maintenance. To this end, the contractor is expected to provide experienced management, administration and support to ensure successful completion of the project.

Contractor will provide:

a) **Administrative Control.** Contractor will maintain schedule, budget, and cost information appropriate to the successful management of a contract and program status and planned activities. This information includes an on-going analysis of cost and scheduled variances.

b) **Implementation Schedule.** Contractor and the Mutual shall perform their duties and responsibilities in accordance with the schedule contracted to between the Mutual and Contractor. Contractor and Mutual acknowledge that prompt performance of all services is required. Each party will use its best efforts to meet such deadlines and shall give the other party prompt notice of any anticipated delays in meeting such deadlines.

c) **Reviews, Reports, Meetings.** During the term of the project, Contractor will conduct a project status review with the Mutual every week, or as otherwise agreed upon. These reviews will include discussion of the status of the project, including details on technical issues, schedules, problems, and potential problems, and recommended solutions to such problems. In connection with such meetings, Contractor will draft a report covering the foregoing topics and give it to the Mutual in advance of the meeting.

#### F. Performance and Acceptance Criteria

The Contractor's proposed acceptance testing plan must include the following subjects at a minimum:

a) **Functional Testing.** In conjunction with the Mutual, the Contractor shall develop tests which check the compliance of the project with functionality and required performance.

b) **Stress Testing.** Contractor shall develop tests, for review and approval by the Mutual, which simulates the Mutual's conditions of usage.

c) **Real Time Testing.** Contractor shall develop tests to evaluate the project in real time environment at the Mutual with all data loaded into the system after successful completion of functional testing and stress testing.

d) **Evaluation.** At the conclusion of each of the tests described above, the Mutual will inform the Contractor in writing if the project has passed or failed the test. If the project has not passed all aspects of the test, the Mutual shall provide Contractor detailed information with documented examples concerning the failure to pass the test. If the contractor is not able to remedy the situation in 30 days, the Mutual shall have the right to return the project to the Contractor and after 90 days of such written notice, the Contractor shall provide a full refund of the price paid by the Mutual for the project.

#### G. Reservations

UACIM reserves the right to:

1. Select the best qualified vendor that meets the desired criteria based upon the above-explained criteria and not solely as a cost factor.
2. Reject any and all proposals received.
3. Waive or modify minor irregularities in proposals received.
4. Adjust suppliers expected cost basis on the determination by the Mutual that the selection of said supplier will incur additional expenses by the Mutual.
5. Begin contract negotiations with the next-highest ranked qualified bidder should the Mutual be unsuccessful in negotiating a contract with the successful bidder within a time frame acceptable to the Mutual.
6. Request the cost of software maintenance individually for each separate component of the system.

## **INSURANCE**

The Vendor shall indemnify and save harmless the UAC Insurance Mutual and its representatives from and against all losses and claims, demands, suits, actions, payments and judgments arising from personal injury or otherwise, brought or recovered against the Mutual or its representatives by reason of any act or omission of the Vendor, its agents, servants or employees, in the execution of the contracted work, including any and all expense, legal and otherwise, incurred by the City or its representatives in the defense of any claim or suit.

- 1.1 Unless otherwise indicated in this Request for Proposals, the vendor shall maintain in force at all times while performing the scope of work insurance coverage, which meets as a minimum, the following requirements:

### **1.1.1 WORKER'S COMPENSATION INSURANCE AND EMPLOYER'S LIABILITY INSURANCE**

Workers' Compensation Insurance coverage for all of the offeror's employees performing the Scope of Work under this proposal. Coverage will provide for at least statutory limits with an insurance company authorized to write such insurance and in all states where the offeror's employees will work on this proposal .

### **1.1.2 COMMERCIAL GENERAL LIABILITY INSURANCE**

Commercial General Liability Insurance as shall protect the Vendor against claims for damages resulting from bodily injury, including wrongful death, and property damage (including broad form property endorsement), which may arise from operations under this contract whether such operations be by the Vendor or by any Subcontractor or anyone directly or indirectly employed by either the Vendor or Subcontractor. The minimum acceptable limits of liability to be provided by such General Liability Insurance shall be \$1 million Combined Single Limits.

### **1.1.3 PROFESSIONAL LIABILITY INSURANCE**

Professional Liability Insurance with limits of no less than \$1,000,000.00. Coverage will include protection for license and trademark infringements. If such coverage is on a claims-made basis, the Proposer must agree to maintain coverage for three years after conclusion of all services performed under this agreement through an extended discovery period.

## **1.2 INSTRUCTIONS**

The Vendor shall not commence work under this proposal until he has obtained all insurance required under this Section and such insurance has been approved by the Director of the Mutual, nor shall the Vendor allow any Subcontractor to commence work on the subcontract until all similar insurance required of the Subcontractor has been so obtained and approved. UAC Insurance Mutual will be named on all liability policies and as "Additional Named Insured" for the proposed work.



## **DISPOSITION OF PROPOSALS**

All materials submitted in response to this RFP will become the property of the UAC Insurance Mutual.

## **ADMINISTRATIVE GUIDELINES**

### **OFFEROR RESPONSIBILITIES:**

Offerors may propose additions, deletions, or modifications to the services requested but must clearly cite these exceptions in their proposal. Otherwise, proposals must meet all of the requirements of this request.

### **LAWS AND REGULATIONS:**

The procurement shall be governed by the laws of the State of Utah. Venue shall be in Salt Lake City, Utah.

### **ANTI-COLLUSION STATEMENT:**

Collusion or restraint of free competition, direct or indirect, is prohibited. Offerors are required to execute and submit the anti-collusion statement in Attachment 1.

**. RMIS COMPUTER SYSTEM REQUIREMENTS**

**PROJECT COST SUMMARY SHEET**

(One for each Option)

Vendor Name:

Option Bid:

Cost Category	One-Time Costs	<u>Ongoing Costs</u>				
		Year 1	Year 2	Year 3	Year 4	Year 5
a. Software						
b. Hardware (optional)						
c. Special Equipment, etc.						
d. Estimated Expenses						
e. System Operation Costs						
f. Maintenance Costs						
g. Other Costs:						
Technical Support						
Conversion Costs						
h. Training Costs						
i. Documentation Costs						
j. Updated Versions Costs						

ATTACHMENT 1  
ANTI-COLLUSION STATEMENT

TO ALL OFFERORS: RETURN WITH PROPOSAL DOCUMENTS

In the preparation and submission of this proposal on behalf \_\_\_\_\_  
(name of vendor), said vendor did not either directly or indirectly enter into any combination or arrangement with any person, firm or corporation, or enter into any agreement, participate in any collusion, or otherwise take any action in the restraint of free competition in violation of any Federal or State Law.

The undersigned vendor hereby certifies that this agreement, or any claims resulting therefrom, is not the result of, or affected by, any act of collusion with, or any act of, another person or persons, firm or corporation engaged in the same line of business or commerce; and, that no person acting for, or employed by UAC Insurance Mutual has an interest in, or is concerned with, this proposal; and, that no person or persons, firm or corporation, other than the undersigned, have or are interested in this proposal.

\_\_\_\_\_  
COMPANY

\_\_\_\_\_  
BY

\_\_\_\_\_  
TITLE

\_\_\_\_\_  
BUSINESS ADDRESS

\_\_\_\_\_  
DATE



**REQUEST FOR PROPOSALS  
FOR  
ACTUARIAL SERVICES**

**Submittal Deadline:  
5:00 p.m., June 30, 2003**

**UAC Insurance Mutual  
5397 South Vine Street  
Salt Lake City, Utah 84107**

## **CONTENTS{PRIVATE }**

### **INTRODUCTION**

- 1. GENERAL REQUIREMENTS AND SCOPE OF WORK**
- 2. INDEMNIFICATION AND INSURANCE REQUIREMENTS**
- 3. SUBMISSION OF PROPOSALS**
- 4. EVALUATION OF PROPOSALS**
- 5. AWARD**
- 6. DISPOSITION OF PROPOSALS**

**ATTACHMENT 1: ANTI-COLLUSION STATEMENT**

**ATTACHMENT 2: INFORMATION SUMMARY**

**ATTACHMENT 3: UACIM KEY TIMELINE**

**ATTACHMENT 4: SCOPE**

**ATTACHMENT 5: NEW MEMBER FUNDING**

## **INTRODUCTION**

The UAC Insurance Mutual (UACIM, the Mutual or the Pool) utilizes the services of independent actuaries to conduct annual evaluations of the Pool's claims experience and to assist with setting member annual contributions. This data is used for the Pool's annual financial reports regarding its financial performance and fiscal condition, which is reported to the membership. The Pool is a multi-line pool providing property, casualty, and law enforcement coverage to its membership, composed of 26 of the 29 counties in Utah.

### **1. SCOPE OF WORK**

The UAC Insurance Mutual invites proposals for Actuarial services to evaluate and report projected outstanding and ultimate liabilities and property losses by line as shown below. Services under the new contract will commence no later than August 1, 2003, and at an earlier date if practicable. Evaluations will include claims arising out of each accident year since inception. Evaluations are to be conducted and reported within the time constraints noted in Attachment 3 of this document.

- 1.1. The following lines of coverage will be evaluated:
  - 1.1.1 General/Other Liability, including auto, civil rights, errors and omissions
  - 1.1.2 Law Enforcement, including detention centers
- 1.2 For each coverage listed in Section 1.1, the following evaluations and illustrations will be developed:
  - 1.2.1 Calculation of ultimate losses for each accident year, by line, since inception.  
See Attachment 4.
- 1.3 The UACIM will consider, and prefers, a multi-year contract, up to four years, initially.
- 1.4 UACIM contracts with a third party claims administrator, VeriClaim, to adjust claims for all lines. Pyramid is the claim and information system used by VeriClaim. UACIM and/or VeriClaim have not experienced any problems meeting information requirements of vendors and/or reinsurers.

### **2. INSURANCE**

The Vendor shall indemnify and save harmless the Mutual and its representatives from and against all losses and claims, demands, suits, actions, payments and judgments arising from personal injury or otherwise, brought or recovered against UACIM or its representatives by reason of any act or omission of the Vendor, its agents, servants or employees, in the execution of the contracted work, including any and all expense, legal and otherwise, incurred by the Mutual or its representatives in the defense of any claim or suit.

- 2.1 Unless otherwise indicated in this Request for Proposals, the vendor shall maintain in force at all times while performing the scope of work insurance coverage, which meets as a minimum, the following requirements:

2.1.1 WORKERS' COMPENSATION INSURANCE AND EMPLOYER'S LIABILITY INSURANCE

Workers' Compensation Insurance shall be in effect for all of the offeror's employees performing the Scope of Work under this proposal. Coverage will provide for statutory limits with an insurance company authorized to write such insurance in all states where the offeror's employees will work on this proposal .

2.1.2 COMMERCIAL GENERAL LIABILITY INSURANCE

Commercial General Liability Insurance as shall protect the Vendor against claims for damages resulting from bodily injury, including wrongful death, and property damage (including broad form property endorsement), which may arise from operations under this contract whether such operations be by the Vendor or by any Subcontractor or anyone directly or indirectly employed by either the Vendor or Subcontractor. The minimum acceptable limits of liability to be provided by such General Liability Insurance shall be \$1 million Combined Single Limits.

2.1.3 PROFESSIONAL LIABILITY INSURANCE

Professional Liability Insurance with limits of no less than \$1million. Coverage will include protection for license and trademark infringements. If such coverage is on a claims-made basis, the Proposer must agree to maintain coverage for three years after conclusion of all services performed under this agreement through an extended discovery period.

2.2 INSTRUCTIONS

The Vendor shall not commence work under this proposal until he has obtained all insurance required under this Section and the insurance has been approved by the Director of UACIM. The Vendor shall not allow any Subcontractor to commence work on the subcontract until all similar insurance required of the Subcontractor has been so obtained and approved. The Mutual will be named on all liability policies and as "Additional Named Insured" for the proposed work.



### **3. SUBMISSION OF PROPOSALS**

#### **3.1 TIME/DEADLINE REQUIREMENTS:**

Deadline for receipt of proposal is 5:00 PM, June 30, 2003.

#### **3.2 ISSUING OFFICE/CONTACT FOR INFORMATION:**

Lester Nixon, CPCU                      Phone: (801) 293-3098  
Director, UACIM                      Fax: (801) 293-3480  
5397 South Vine Street  
Salt Lake City, UT 84107

FAX is for questions only, not submission of proposals.

Mr. Nixon is the only individual authorized to answer questions regarding this RFP.

#### **3.3 PROPOSAL REQUIREMENTS:**

All proposals must be submitted in an appropriately marked and sealed package to Lester Nixon at the above address. Proposals in the form of telegrams, telephone calls, facsimiles, email or telex messages will not be accepted.

- 3.3.1 All proposers must submit an original and three (3) copies of proposals in the following format:
- 3.3.2 Entire proposal must be completed and signed. Avoid extraneous advertisement and promotional materials, as well as large binders, which are difficult to store in normal correspondence filing systems. Proposals should clearly identify information to be considered as proprietary information.
- 3.3.3 Technical expertise and staff qualifications. Resumes of principal parties who will supervise and perform the scope of work proposed. Include the projected number of hours and associated rates of involved staff. Include performance history of past and current actuarial studies of similar governmental Pools.
- 3.3.4 Demonstrated capability and willingness to accomplish the scope of work, as noted in Attachment 4, in the time constraints. Vendors should delineate a proposed schedule with minimum and maximum times to receive data from UACIM, analyze/evaluate that information, and produce reports within the time constraints noted in Attachment 3 of this Request for Proposals.
- 3.3.5 Costs for work indicated in this RFP. Show expected travel costs separately.

3.3.6 Each proposal shall also provide the following information:

The name, title, address, and telephone number of individuals with authority to negotiate and contractually bind the offeror; and,

A designated person(s) who can be contacted for prompt contract administration upon award of the contract and can also be contacted during the period of evaluation. This information shall include the person's name, title, address, and telephone number.

3.4 INSURANCE:

Certificates of Insurance as required by Section 3 of this RFP should be submitted to the Director of UACIM prior to execution of a contract for work accepted as part of this RFP. Such certificate shall specifically state that the insurance company or companies issuing such insurance policies shall give the Mutual at least thirty (30) days written notice in the event of cancellation of, or material change in, any of the policies. If coverage on said certificate(s) is shown to expire prior to completion of all terms of this contract, the Vendor shall furnish a certificate of insurance evidencing renewal of such coverage to the UACIM.

3.5 QUESTIONS AND ADDENDA:

Offeror shall carefully examine this RFP and any addenda. Offeror should seek clarification of any ambiguity, conflict, omission or other error in this RFP in writing to the UACIM Director.

#### **4. EVALUATION OF PROPOSALS**

Proposals will be evaluated based upon the Mutual's determination of the following factors:

- 4.1.1 The expertise and qualifications of the Proposer's personnel that will be assigned to supervise, coordinate, and perform the work described in this RFP. Technical expertise in actuarial evaluations, property and casualty insurance and risk management as evidenced by resume(s) including professional designations required for the principal supervisors and coordinators associated with the project. Please list credentials for staff who would work on this account.
- 4.2 Ability to perform the Scope of Work within the required time frames delineated in this RFP, Attachment 3.
- 4.3 Experience in performing similar work for Pools, larger public entities, and professional references regarding the work to be performed.

4.4 Cost.

## **5. AWARD**

The award of a contract shall be at the sole discretion of the Mutual. Award will be made to the responsible offeror whose proposal is determined to be the most advantageous to the Mutual, taking into consideration the evaluation factors set forth in the section "Evaluation of Proposals" of this RFP. Proposals will be initially evaluated on the basis of written materials provided, with clarification as needed through telephone or other contacts with offeror(s).

## **6. DISPOSITION OF PROPOSALS**

All materials submitted in response to this RFP will become the property of UACIM.

## **7. ADMINISTRATIVE GUIDELINES**

### **7.1 OFFEROR RESPONSIBILITIES:**

Offerors may propose additions, deletions, or modifications to the services requested but must clearly cite these exceptions in their proposal. Otherwise, proposals must meet all of the requirements of this request.

### **7.2 LAWS AND REGULATIONS:**

The procurement shall be governed by the laws of the State of Utah. Venue shall be in Salt Lake County, Utah.

### **7.3 ANTI-COLLUSION STATEMENT:**

Collusion or restraint of free competition, direct or indirect, is prohibited. Offerors are required to execute and submit the anti-collusion statement in Attachment 1.

**ATTACHMENT 1**  
**ANTI-COLLUSION STATEMENT**

**TO ALL OFFERORS:**      **RETURN WITH PROPOSAL DOCUMENTS**

In the preparation and submission of this proposal on behalf \_\_\_\_\_  
(name of vendor), said vendor did not either directly or indirectly enter into any combination or arrangement with any person, firm or corporation, or enter into any agreement, participate in any collusion, or otherwise take any action in the restraint of free competition in violation of any Federal or State Law.

The undersigned vendor hereby **certifies** that this agreement, or any claims resulting therefrom, is not the result of, or affected by, any act of collusion with, or any act of, another person or persons, firm or corporation engaged in the same line of business or commerce; and, that no person acting for, or employed by UAC Insurance Mutual has an interest in, or is concerned with, this proposal; and, that no person or persons, firm or corporation, other than the undersigned, have or are interested in this proposal.

\_\_\_\_\_  
**COMPANY**

\_\_\_\_\_  
**BY**

\_\_\_\_\_  
**TITLE**

\_\_\_\_\_  
**BUSINESS ADDRESS**

\_\_\_\_\_  
**DATE**

## ATTACHMENT 2

### 2003 PROGRAM LIMITS SUMMARY

COVERAGES	POOL S.I.R.	LIMIT
Property & Excess Property	\$150,000	\$250,000,000
Crime & Excess Crime	\$150,000	\$300,000
Comprehensive General Liability, Civil Rights, & Auto Liability	\$250,000	\$2,000,000
Errors and Omissions**	\$250,000	\$2,000,000
Surety Bonds	N/A	
Boiler & Machinery	\$1,000	Insured Program
Law Enforcement	\$250,000	\$2,000,000

All coverage is occurrence, except Errors and Omissions, which is claims-made.

## **ATTACHMENT 3**

### **UACIM**

#### **Key Timelines**

##### **The Mutual**

- 1) By 9/1 Develop Contribution schedule for next year
- 2) By 3/1 Finish actuarial reserve analysis for previous year

Proposers should back into dates when considering preparation time and expected availability.

## **ATTACHMENT 4**

### **SCOPE**

The scope of the work to be performed should be clearly stated in the proposal and should include at a minimum the following:

1. Using data from provided by VeriClaim per the timeline of Attachment 3 data project historical losses on an occurrence basis by accident year and line of coverage, to ultimate levels, based on UACIM's historical retentions.
2. Estimate ultimate losses, IBNR and outstanding losses on a discounted basis.
3. Compare the latest estimates of ultimate loss with prior projections.
4. Project expected losses for next accident year.
5. Project cash flow outgo and changes in IBNR over the course of future years using estimates of projected 1992-2003 losses.
6. Calculate an Unallocated Loss Adjustment Expense reserve.
7. Provide estimates of funding requirements at confidence levels of 70%, 80%, 90%, and 95%.
8. Calculate member contributions annually using individual experience within the context of the Pool's overall experience.
9. Provide a final actuarial report including an executive summary (two bound copies and one unbound copy) documenting data used, conclusions, methodology, and assumptions, by timeline of Attachment 3.
10. Provide assistance to the outside financial auditor regarding questions they may have on reconciling their work and yours.
11. Assist UACIM staff to prepare any planned distribution to members of surplus and/or dividends.
12. Assist UACIM staff with preparing cost allocation for member counties for apportioning contributions within respective counties.

**ATTACHMENT 5**  
**NEW MEMBER FUNDING**

Describe overall approach and methodology that will be used to determine funding for new members.



# SURVEY RESULTS

## Workers Compensation

COUNTY	PAYROLL	MODIFIER	SCHEDULE DISCOUNT	SIZE DISCOUNT	PREMIUM	PRIOR YEAR LOSSES	EXPIRATION
Beaver							
Box Elder		1.03			61,634	24,488	1/1/2004
Cache	6,006,000	1.22			95,698	36,886	6/30/2003
Carbon		3			127,032		1/1/2005
Daggett	1,160,000	1.24		8.64%	22,070		1/1/2004
Davis		1.06	0.97	10.50%	216,397		1/1/2004
Duchesne		1.03			61,982	29,400	1/1/2004
Emery	4,290,000	1.34		10.17%	67,515	1,981	1/1/2004
Garfield							
Grand	3,124,550	0.91		9.72%	41,847	25,410	1/1/2004
Iron	5,456,000	1.29		10.63%	101,960		1/1/2004
Juab		1.32			33,078	10,925	1/1/2004
Kane		1.56			26,021		6/30/2003
Millard	5,250,286	1.56		10.35%	89,891	3,846	1/1/2004
Morgan							
Piute							
Rich					4,500	0	6/30/2003
San Juan	2,636,037	0.97			59,028	1,065	1/1/2004
Sanpete	2,283,138	1.27		0	34,987	1,065	1/1/2004
Sevier	3,425,963	0.77		9.59%	25,537		1/1/2004
Uintah							
Utah	28,593,007	0.82	0.75	9.59%	176,365	90,386	3/31/2004
Wasatch	5,662,000	1.11		10.14%	64,742	20,642	1/1/2004
Washington	10,599,000	1.46	0.95	11.11%	134,143	15,284	6/1/2003
Wayne	811,500	0.81		4.59%	8,239	0	1/1/2004
Weber	30,945,000	0.89			194,760	110,359	6/1/2003
TOTAL	110,242,481				1,647,426	371,737	



## **NEW MEXICO COUNTY INSURANCE AUTHORITY – WORKERS' COMPENSATION PROGRAM**

Started in 1987

27 Member Counties/33    Separate Board: 8 elected, 2 appointed (ex officio).

Payroll: \$156,504,989

Annual Program Budget - \$2.8MM/Composite Rate = \$17.89

Total Premium History - \$49,530,703

Total Equity Returned - \$13,380,308 (27%)

### **Cost of Program since Inception**

Expenses/Insurance - \$2.5MM (6%) -

Safety/Claims Adm. - \$7.5MM (19%)

Losses - \$30MM (75%)

### **Annual Cost**

\$150,000 (7%)

\$460,000 (16%)

\$2,190,000 (77%)

## **ARIZONA COUNTIES WORKERS' COMPENSATION POOL**

Started in 1995

11 Member Counties/15    Same Board: 11 selected by county

Payroll: \$224,411,366

Annual Program Budget - \$3.6MM/Composite Rate = \$16.07

Total Premium History – \$28,667,890

Total Equity Returned – \$4,283,698 (15%)

### **Annual Cost of Program**

Expenses/Insurance - \$700,000 (19%)

Safety/Claims Adm. - \$400,000 (11%)

Losses - \$2,500,000 (70%)

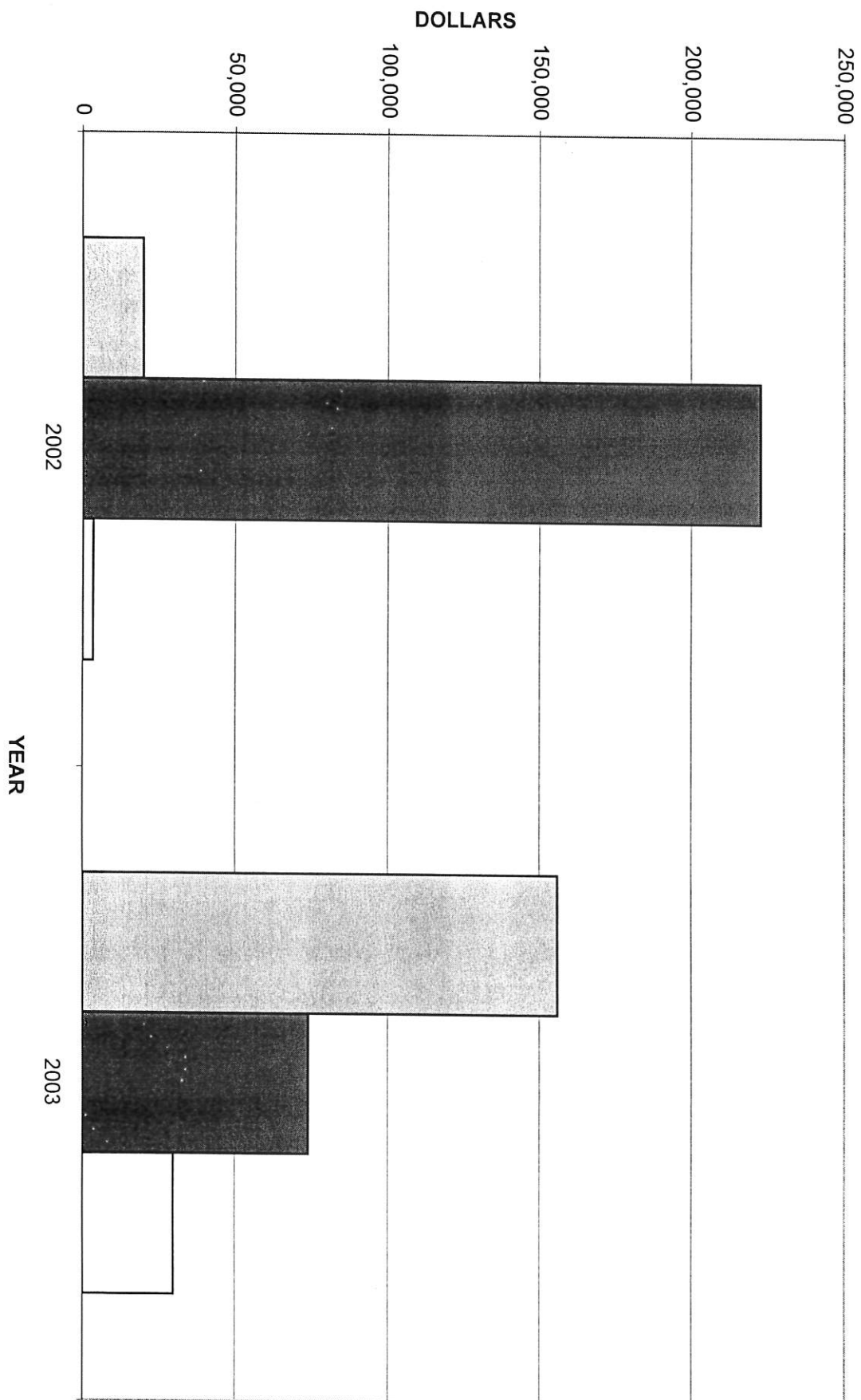
## Arizona Counties Workers' Compensation Pool

Year	Annual Premiums	Dividends Paid
1994/95	3,459,618	1,598,152
1995/96	3,630,280	1,594,934
1996/97	3,175,716	595,183
1997/98	3,172,780	495,063
1998/99	2,778,570	
1999/00	2,847,890	
2000/01	3,386,057	
2001/02	3,330,890	
*2002/03	2,886,048	
Totals	28,667,849	4,283,332

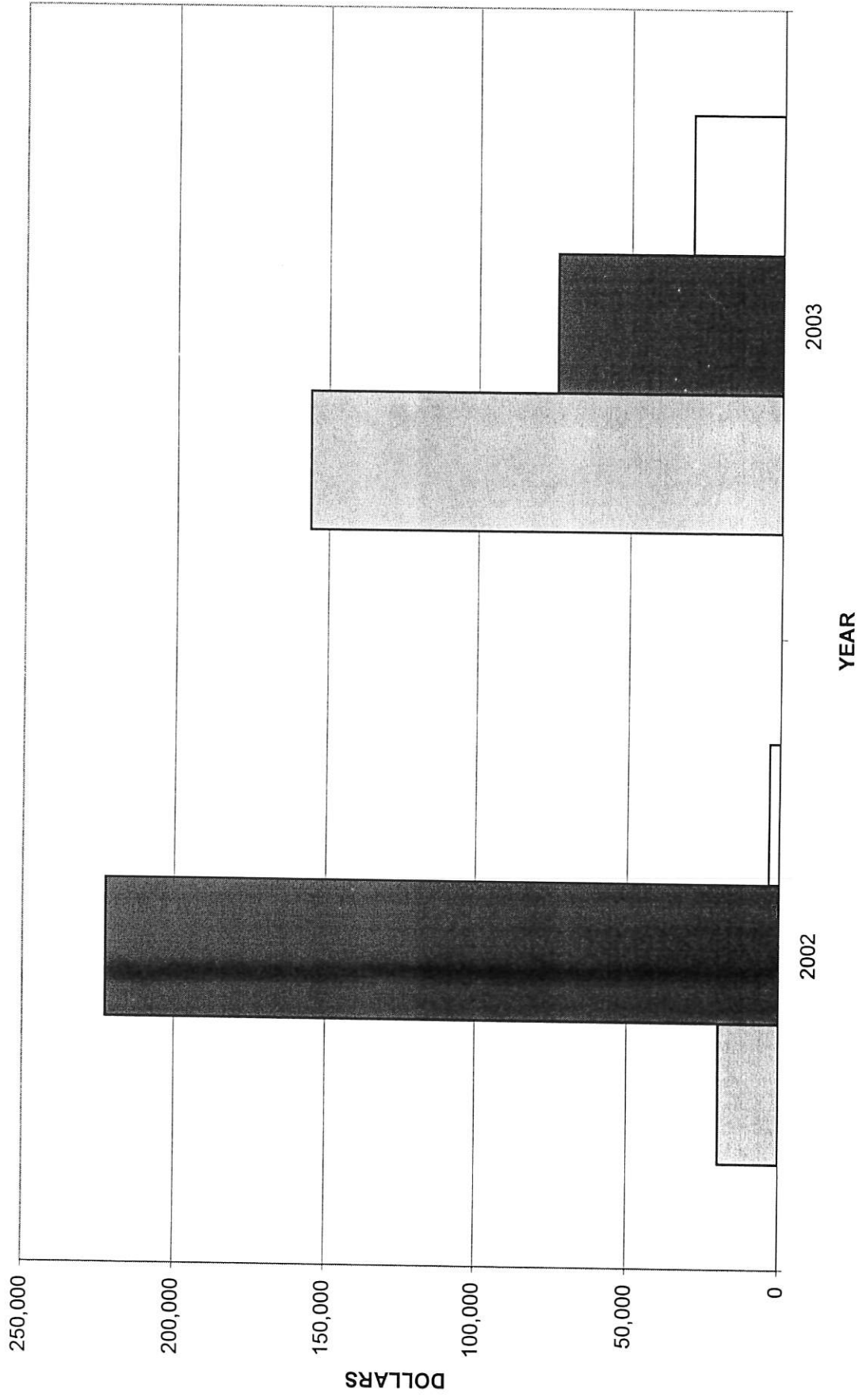
\* Through March 31, 2003 (does not include fourth quarter)

**Members' Fund Balance as of June 30, 2002 - \$1,000,181**

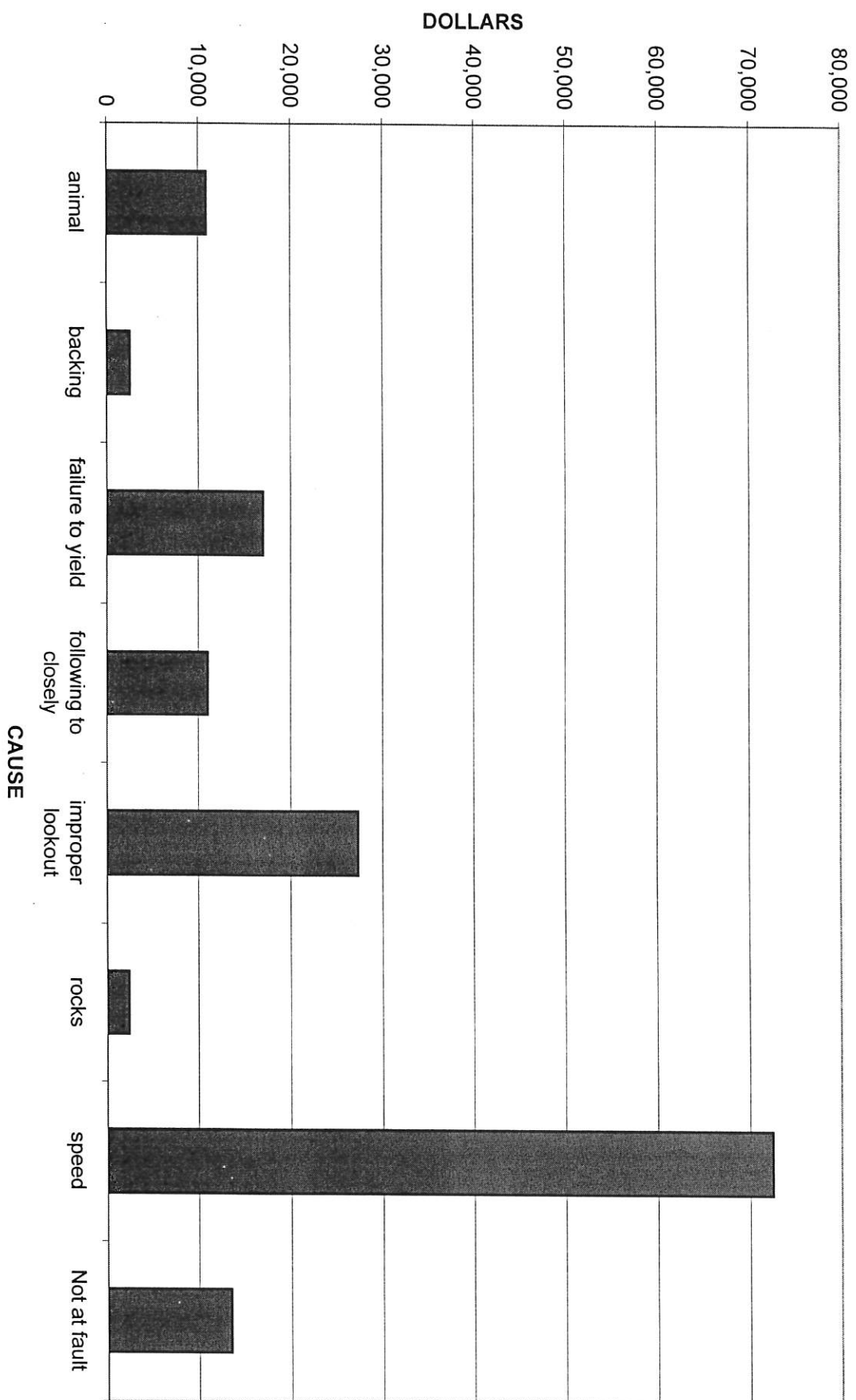
SEVERITY THROUGH MARCH BY CATEGEORY--2002-2003



SEVERITY THROUGH MARCH BY CATEGEORY--2002-2003

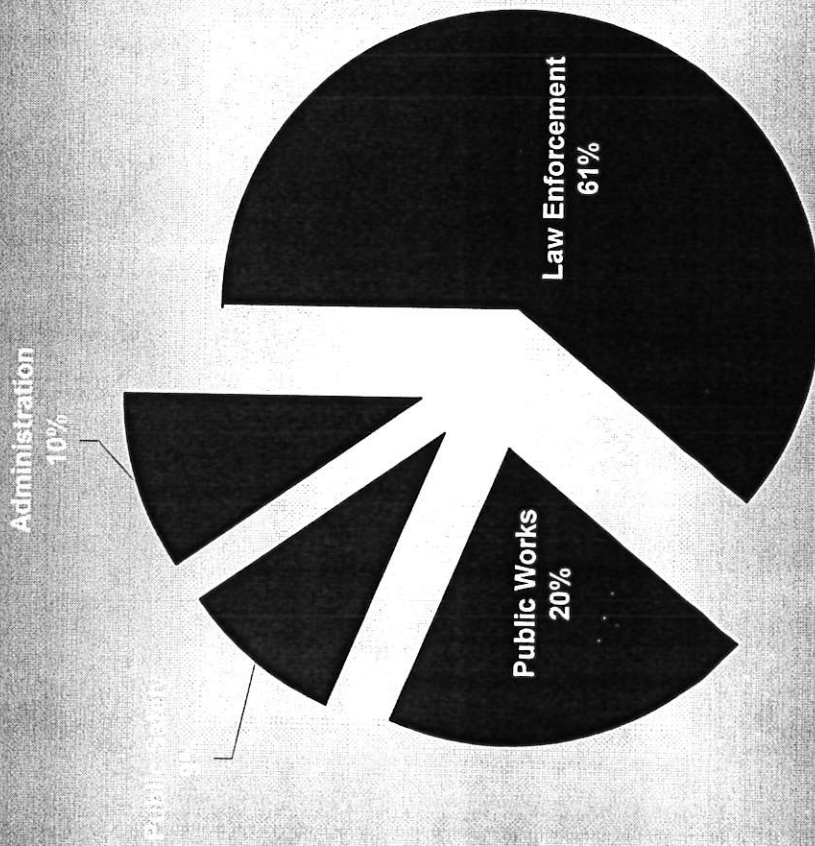


# AUTO SEVERITY BY CAUSE THROUGH MARCH--2003



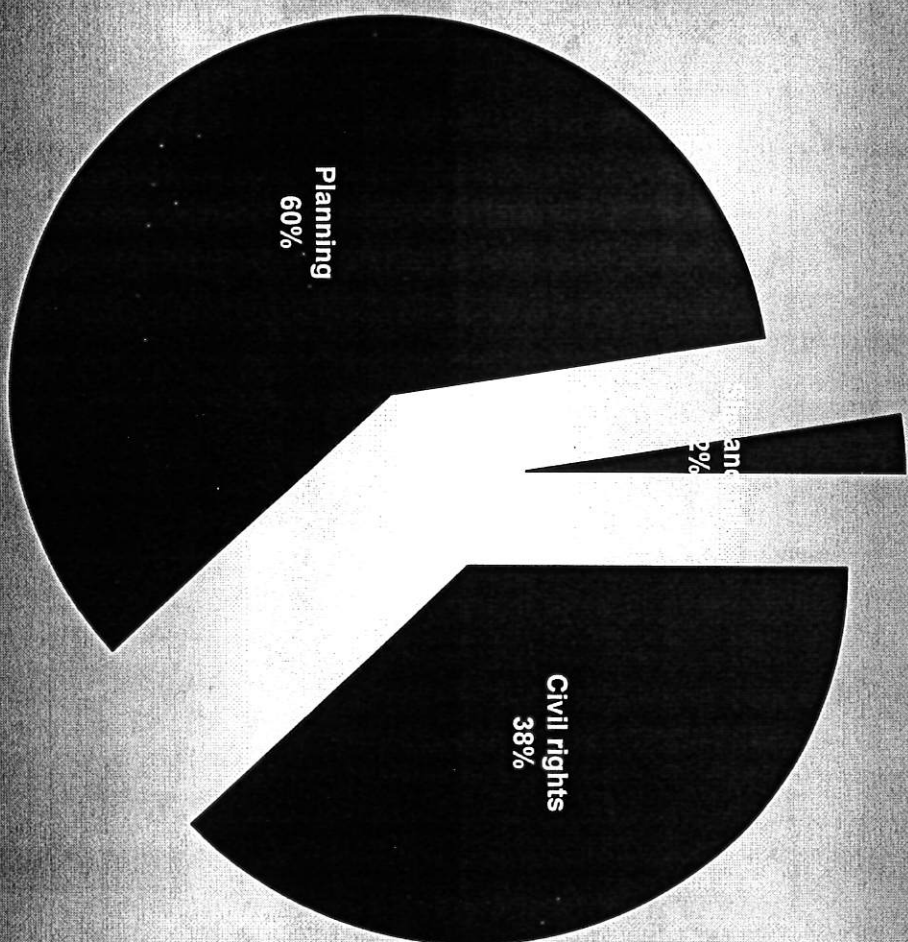


**AUTO SEVERITY BY DEPARTMENT THROUGH MARCH-2003**

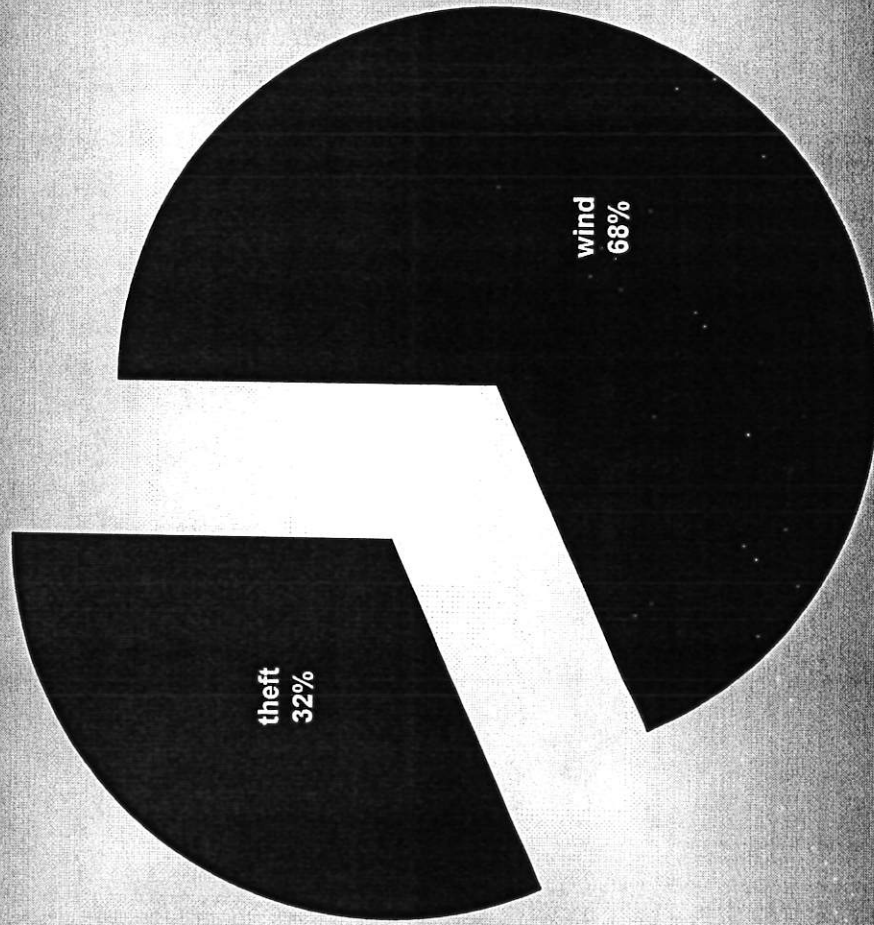




GENERAL LIABILITY THROUGH MARCH BY CATEGORY--2003



PROPERTY LOSS SEVERITY BY CATEGORY THROUGH MARCH-2003



# APRIL 2003 INSURANCE COORDINATOR WORKSHOP

## Evaluation Results (7 out of 17 responded)

	<u>Excellent</u>	<u>Good</u>	<u>Average</u>	<u>Fair</u>	<u>Poor</u>
How would you rate the coverage provided by the Mutual?	3	4	0	0	0
How would you rate the service provided by the Mutual?	7	0	0	0	0
How would you rate the training provided by the Mutual?	1	4	1	0	0
How would you rate the materials provided by the Mutual?	2	5	0	0	0

What do you like about the Mutual?

Excellent knowledge.  
Having all insurance with one carrier.  
The people.  
Cooperative attitude & efforts to work together to solve problems.  
Our ability to manage our own affairs and problems.  
Staff, communication, convenience, economy of scale.  
Ability to quickly share information about current risk issues, cooperative attitude of personnel in addressing suits and problem situations.

What do you dislike about the Mutual?

Staff stretched too thin.  
Some of the reporting from the Accident Review Board is a duplication of reporting to VeriClaim.  
Lack of member input on the Risk Management Program. Perhaps members should be more pro-active in providing the input.

Any suggestions for improvements?

Keep up the good work.  
Better define terrorism coverage and exclusions.  
Some of the reporting from the Accident Review Board is a duplication of reporting to VeriClaim.  
More county input opportunities on the Risk Management Program.

Any suggestion of a name change for the Mutual?

Counties Insurance Mutual.  
County Insurance Mutual of Utah





# UAC Insurance Mutual Payments March 20 - May 7, 2003

Type	Date	Num	Name	Memo	Split	Amount
WF-Expense						
Check	3/21/2003		Nationwide Retirement Solutions	Entity Number: 644013 (January 2003)	-SPLIT-	-389.00
Check	3/29/2003		Wells Fargo	Account Number: 4856 2002 0633 9635	-SPLIT-	-280.73
Check	3/31/2003	1897	PEHP-LTD	Coverage Period: March 2003	-SPLIT-	-82.06
Check	3/31/2003		Nationwide Retirement Solutions	Entity Number: 644013 (February 2003)	-SPLIT-	-588.00
Check	3/31/2003	1902	TCNS, Inc.		Information Technology	-87.50
Check	3/31/2003	1903	Steve Baker		Board Expense	-18.11
Check	3/31/2003	1904	Kenneth Bischoff		Board Expense	-32.40
Check	3/31/2003	1905	Kay Blackwell		Board Expense	-136.80
Check	3/31/2003	1906	LaVar Cox		Board Expense	-100.80
Check	3/31/2003	1907	James Eardeley		Board Expense	-216.00
Check	3/31/2003	1908	Jerry Grover		Board Expense	-36.00
Check	3/31/2003	1909	Lynn Lemmon		Board Expense	-64.80
Check	3/31/2003	1910	Dan McConkie		Board Expense	-21.96
Check	3/31/2003	1911	Gene Roundy		Board Expense	-188.64
Check	3/31/2003	1912	Kent Sundberg		Board Expense	-36.00
Check	3/31/2003	1913	Steven Wall		Board Expense	-118.80
Check	3/31/2003		Qwest	Account Number: 801-293-3098-606B	Telephone	-86.08
Check	4/1/2003		Nationwide Retirement Solutions	Entity Number: 644013 (March 2003)	-SPLIT-	-654.00
Check	4/1/2003	1934	Sonya J. White		-SPLIT-	-1,076.20
Check	4/1/2003	1892	Holiday Inn Hotel & Suites	Staff Lodging, April 15-17, 2003	-SPLIT-	-370.00
Check	4/16/2003	1914	BEA	Risk Management Program Premium Credit	Premium Credits & Incentives	-596.00
Check	4/16/2003	1915	BOX	Risk Management Program Premium Credit	Premium Credits & Incentives	-3,618.00
Check	4/16/2003	1916	CAC	Risk Management Program Premium Credit	Premium Credits & Incentives	-4,876.00
Check	4/16/2003	1917	DAV	Risk Management Program Premium Credit	Premium Credits & Incentives	-965.00
Check	4/16/2003	1918	DAV	Risk Management Program Premium Credit	Premium Credits & Incentives	-12,649.00
Check	4/16/2003	1919	DUC	Risk Management Program Premium Credit	Premium Credits & Incentives	-1,356.00
Check	4/16/2003	1920	EME	Risk Management Program Premium Credit	Premium Credits & Incentives	-2,853.00
Check	4/16/2003	1921	GAR	Risk Management Program Premium Credit	Premium Credits & Incentives	-859.00
Check	4/16/2003	1922	GRA	Risk Management Program Premium Credit	Premium Credits & Incentives	-1,995.00
Check	4/16/2003	1923	IRO	Risk Management Program Premium Credit	Premium Credits & Incentives	-2,408.00
Check	4/16/2003	1924	JUA	Risk Management Program Premium Credit	Premium Credits & Incentives	-797.00
Check	4/16/2003	1925	MILL	Risk Management Program Premium Credit	Premium Credits & Incentives	-3,938.00
Check	4/16/2003	1926	SAJ	Risk Management Program Premium Credit	Premium Credits & Incentives	-3,827.00
Check	4/16/2003	1927	UTA	Risk Management Program Premium Credit	Premium Credits & Incentives	-13,980.00
Check	4/16/2003	1928	WAT	Risk Management Program Premium Credit	Premium Credits & Incentives	-3,527.00
Check	4/16/2003	1929	WAS	Risk Management Program Premium Credit	Premium Credits & Incentives	-5,204.00
Check	4/16/2003	1930	WEB	Risk Management Program Premium Credit	Premium Credits & Incentives	-12,720.00
Check	4/16/2003	1931	Arthur J. Gallagher & Co.	Invoice Number: 47272	Airport Liability	-9,867.00
Check	4/16/2003	1932	Arthur J. Gallagher & Co.	Invoice Number: 47215	Airport Liability	-3,500.00
Check	4/16/2003	1935	Verizon Wireless	Account Number: 1006-10502048	Telephone	-180.19
Check	4/16/2003	1936	Verizon Wireless	Account Number: 1016-10497697	Telephone	-35.49
Check	4/16/2003	1937	Larson & Company	Invoice Number: 6125	Accounting	-3,428.10
Check	4/16/2003	1938	Business Insurance	Reference: 00000776763	Dues / Subscriptions	-97.00
Check	4/16/2003	1939	Mark W. Brady	Reimbursable Expenses, Jan-Mar 2003	-SPLIT-	-570.90
Check	4/16/2003	1940	Sonya J. White	Insurance Coordinator Workshop (Price)	-SPLIT-	-117.12
Check	4/16/2003	1941	Lester J. Nixon	Insurance Coordinator Workshop/UAC Managemen...	-SPLIT-	-104.52
Check	4/16/2003	1942	Mark W. Brady	Insurance Coordinators Workshop (Price)	-SPLIT-	-30.00
Check	4/16/2003	1943	Taylor-Walker & Associates, Inc.	Invoice Number: 14579	Expenses	-1,289.00
Check	4/27/2003		Wells Fargo	Account Number: 4856 2002 0633 9635	Actuarial Analysis	-131.49
Check	4/27/2003		Wells Fargo	Account Number: 4856 2002 0646 9788	Expenses	-630.44
Check	4/27/2003		Wells Fargo	Account Number: 4856 2002 0646 9796	-SPLIT-	-367.52
Check	4/30/2003		PEHP-LTD	Coverage Period: April 2003	Medical	-91.31
Check	5/7/2003	1946	Utah Sheriff's Association	Conference Sponsorship	Loss Control / Training	-2,000.00

Type	Date	Num	Name	Memo	Split	Amount
Check	5/7/2003	1947	TelAmerica	Invoice Number: 1457614	Telephone	-59.20
Check	5/7/2003	1948	Suitter Axland	Invoice Number: 1262555	-SPLIT-	-1,498.00
Check	5/7/2003	1950	Sevier County	Registration Overpayment (Hicks)	Pass Through	-60.00
Check	5/7/2003	1951	Workers Compensation Fund	Policy Number: 2440767	Workers Comp	-666.46
Check	5/7/2003	1952	Lester J. Nixon	PRIMA's Anniversary Conference (Reno)	Expenses	-375.00
Check	5/7/2003	1953	Mark W. Brady	PRIMA's Anniversary Conference (Reno)	Expenses	-375.00
Check	5/7/2003	1954	Sonya J. White	Personnel Workshop (St. George)	-SPLIT-	-315.36
Check	5/7/2003	1955	Lester J. Nixon	Personnel Workshop (St. George)	-SPLIT-	-127.56
Check	5/7/2003	1956	Mark W. Brady	Personnel Workshop (St. George)	-SPLIT-	-127.56
Check	5/7/2003	1957	Box Elder County	Refund, LuAnn Adams	Loss Control / Training	-45.00
Check	5/7/2003	1958	Dr. Sandy Petersen	Speaker Fee	Loss Control / Training	-750.00
Check	5/7/2003	1959	Weber County	Board Expense Reimbursement	-SPLIT-	-65.00
Check	5/7/2003	1960	Lester J. Nixon	Expense Reimbursement	-SPLIT-	-687.00
Check	5/7/2003	1961	Rick Brady	Entertainer Fee	Loss Control / Training	-200.00
Check	5/7/2003	1962	Kinko's	Invoice: 240500090396	-SPLIT-	-1,034.25
Check	5/7/2003	1963	Cuisine Unlimited, LLC	Invoice: 85519	Board Expense	-67.00
Check	5/7/2003	1964	Qwest	Account Number: 801-293-3098-606B	Telephone	-96.39
Check	5/7/2003	1965	Reno Hilton	Mark Brady Accommodations	-SPLIT-	-488.32
Total WF-Expense						-110,229.06
<b>TOTAL</b>						<b>-110,229.06</b>

# UAC Insurance Mutual

## Budget to Actual Comparison

	Jan - May 03	Budget
<b>Income</b>		
Investment Income	50,156.52	225,000.00
Premiums Written	3,886,257.00	3,858,083.00
Reimbursements	0.00	65,498.00
<b>Total Income</b>	<b>3,936,413.52</b>	<b>4,148,581.00</b>
<b>Expense</b>		
Accounting	3,680.85	14,750.00
Actuarial Analysis	6,593.50	13,000.00
Automobile		
Expenses	459.00	7,500.00
Reserve	0.00	15,120.00
<b>Total Automobile</b>	<b>459.00</b>	<b>22,620.00</b>
Board Expense	3,450.42	8,000.00
Brokerage Fee	80,000.00	80,000.00
Building		
Maintenance	139.25	12,000.00
Repairs & Replacement	0.00	5,634.00
Reserve	0.00	17,260.00
<b>Total Building</b>	<b>139.25</b>	<b>34,894.00</b>
Claims Management	80,759.34	242,278.00
Copying	0.00	1,200.00
Dues / Subscriptions	779.10	1,500.00
Information Technology	157.50	4,000.00
Insurance		
D&O E&O	15,000.00	0.00
Office Package	973.00	0.00
Workers Comp	1,278.15	0.00
Insurance - Other	0.00	1,500.00
<b>Total Insurance</b>	<b>17,251.15</b>	<b>1,500.00</b>
Lease Purchase	0.00	87,000.00
Loss Control / Training	3,536.70	14,000.00
Losses	164,593.41	2,000,000.00
Office Supplies	948.44	2,500.00
Other Expense	2,426.00	50,000.00
Postage	-1.43	1,000.00
Premium Credits & Incentives	77,226.20	0.00
Printing	729.40	1,000.00
Reinsurance		
Boiler & Machinery	35,067.00	35,067.00
Crime	5,060.00	5,060.00
Flood Zone A	32,677.00	0.00
Liability	706,300.00	700,000.00
Property	614,615.00	614,615.00
<b>Total Reinsurance</b>	<b>1,393,719.00</b>	<b>1,354,742.00</b>
Service Contract	0.00	5,000.00
Staff		
Expenses	10,009.18	17,500.00
Medical	11,430.90	32,340.00
Payroll Expenses	3,884.14	14,304.00
Retirement	11,443.83	40,580.00
Salaries	53,166.32	189,815.00
<b>Total Staff</b>	<b>89,934.37</b>	<b>294,539.00</b>
Telephone	1,730.54	5,500.00
<b>Total Expense</b>	<b>2,660,236.94</b>	<b>4,239,023.00</b>
<b>Net Income</b>	<b>1,276,176.58</b>	<b>-90,442.00</b>

